

**CITY OF GAHANNA  
FRANKLIN COUNTY, OHIO**

*General Purpose  
Financial Statements*  
(Audited)

For The Year Ended  
December 31, 1999

**JERRY ISLER, DIRECTOR OF FINANCE**

**CITY OF GAHANNA  
FRANKLIN COUNTY, OHIO**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

Members of Council and Mayor  
City of Gahanna, Franklin County  
200 South Hamilton Road  
Gahanna, Ohio 43230

We have reviewed the Independent Auditor's Report of the City of Gahanna, Franklin County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1999 through December 31, 1999. 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 Gahanna is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO  
Auditor of State

July 3, 2000

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD  
SUITE B  
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899  
FACSIMILE 614.846.2799

## Independent Auditor's Report

Members of Council and Mayor  
City of Gahanna, Franklin County  
200 South Hamilton Road  
Gahanna, OH 43230

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2000, on our consideration of the City of Gahanna's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Trimble, Julian & Grube, Inc.*

Trimble, Julian & Grube, Inc.  
June 9, 2000

**CITY OF GAHANNA, OHIO**  
 Combined Balance Sheet - All Fund Types and Account Groups  
 As of December 31, 1999

	<i>GOVERNMENTAL FUND TYPES</i>			
	<i>GENERAL</i>	<i>SPECIAL REVENUE</i>	<i>DEBT SERVICE</i>	<i>CAPITAL PROJECTS</i>
<b><i>Assets</i></b>				
Equity in Pooled Cash and Cash Equivalents	\$13,990,222	\$2,707,540	\$1,286,578	\$3,150,642
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	1,991,152	177,096	171,209	0
Accounts	312,180	6,668	0	0
Due from Other Governments	213,564	488,607	835	0
Special Assessments	18,284	0	4,848	0
Accrued Interest	65,887	0	0	0
Due from Other Funds	26,171	0	0	0
Materials and Supplies Inventory	39,696	0	0	0
Prepaid Items	28,224	1,654	0	0
Designated Assets:				
Equity in Pooled Cash and Cash Equivalents	651,500	0	0	0
Restricted Assets:				
Cash and Cash Equivalents in Segregated Accounts	325,423	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b><i>Total Assets and Other Debits</i></b>	<b><u>\$17,662,303</u></b>	<b><u>\$3,381,565</u></b>	<b><u>\$1,463,470</u></b>	<b><u>\$3,150,642</u></b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUPS</u>		<u>TOTALS (MEMORANDUM ONLY)</u>
		<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM OBLIGATIONS</u>	
<u>ENTERPRISE</u>	<u>AGENCY</u>			
\$11,679,418	\$0	\$0	\$0	\$32,814,400
0	633,735	0	0	633,735
0	0	0	0	2,339,457
1,136,233	38,025	0	0	1,493,106
0	0	0	0	703,006
5,407	0	0	0	28,539
0	0	0	0	65,887
0	0	0	0	26,171
21,080	0	0	0	60,776
4,992	0	0	0	34,870
0	0	0	0	651,500
0	0	0	0	325,423
23,491,789	0	22,512,526	0	46,004,315
0	0	0	1,287,413	1,287,413
0	0	0	5,227,092	5,227,092
<u>\$36,338,919</u>	<u>\$671,760</u>	<u>\$22,512,526</u>	<u>\$6,514,505</u>	<u>\$91,695,690</u>

(continued)

**CITY OF GAHANNA, OHIO**  
**Combined Balance Sheet - All Fund Types and Account Groups**  
**As of December 31, 1999**

	<b>GOVERNMENTAL FUND TYPES</b>			
	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>
<b><u>Liabilities, Fund Equity, and Other Credits</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$191,624	\$53,048	\$0	\$2,294
Contracts Payable	639,812	2,700	0	6,774
Due to Other Funds	0	0	0	0
Accrued Wages	80,917	12,255	0	0
Compensated Absences Payable	26,437	2,003	0	0
Contracts Retainage Payable	54,674	0	0	0
Due to Other Governments	84,659	8,284	0	0
Deferred Revenue	1,086,748	177,096	176,057	0
Undistributed Monies	0	0	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
Loans Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
OPWC Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
<b>Total Liabilities</b>	<b>2,164,871</b>	<b>255,386</b>	<b>176,057</b>	<b>9,068</b>
<b><u>Fund Equity And Other Credits</u></b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	2,601,993	249,414	0	0
Reserved for Inventory	39,696	0	0	0
Reserved for ODOT Highway Improvement	325,423	0	0	0
Unreserved:				
Designated for Sick Leave/Vacation	651,500	0	0	0
Undesignated	11,878,820	2,876,765	1,287,413	3,141,574
<b>Total Fund Equity and Other Credits</b>	<b>15,497,432</b>	<b>3,126,179</b>	<b>1,287,413</b>	<b>3,141,574</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$17,662,303</b>	<b>\$3,381,565</b>	<b>\$1,463,470</b>	<b>\$3,150,642</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		<i>TOTALS (MEMORANDUM ONLY)</i>
		<i>GENERAL FIXED ASSETS</i>	<i>GENERAL LONG-TERM OBLIGATIONS</i>	
<i>ENTERPRISE</i>	<i>AGENCY</i>			
\$1,079,537	\$0	\$0	\$0	\$1,326,503
119,799	0	0	0	769,085
0	26,171	0	0	26,171
7,272	0	0	0	100,444
28,062	0	0	962,863	1,019,365
0	0	0	0	54,674
1,839,777	293,432	0	240,729	2,466,881
5,407	0	0	0	1,445,308
0	352,157	0	0	352,157
13,928	0	0	0	13,928
0	0	0	1,295,846	1,295,846
0	0	0	237,347	237,347
0	0	0	29,720	29,720
135,433	0	0	0	135,433
2,335,000	0	0	3,730,000	6,065,000
0	0	0	18,000	18,000
<u>5,564,215</u>	<u>671,760</u>	<u>0</u>	<u>6,514,505</u>	<u>15,355,862</u>
0	0	22,512,526	0	22,512,526
30,774,704	0	0	0	30,774,704
0	0	0	0	2,851,407
0	0	0	0	39,696
0	0	0	0	325,423
0	0	0	0	651,500
0	0	0	0	19,184,572
<u>30,774,704</u>	<u>0</u>	<u>22,512,526</u>	<u>0</u>	<u>76,339,828</u>
<u>\$36,338,919</u>	<u>\$671,760</u>	<u>\$22,512,526</u>	<u>\$6,514,505</u>	<u>\$91,695,690</u>



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

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
<b>Revenues:</b>					
Property Taxes	\$ 987,001	\$ 163,591	\$ 182,521	\$ 0	\$ 1,333,113
Municipal Income Tax	10,879,676	0	0	0	10,879,676
Other Local Taxes	288,884	31,439	0	0	320,323
Intergovernmental	2,649,659	1,759,643	19,395	0	4,428,697
Charges for Services	1,596,272	0	0	0	1,596,272
Licenses and Permits	493,193	0	0	18,300	511,493
Fines and Forfeitures	247,395	49,926	0	0	297,321
Interest	1,459,991	0	0	0	1,459,991
Miscellaneous	1,073,561	7,802	0	0	1,081,363
<b>Total Revenues</b>	<u>19,675,632</u>	<u>2,012,401</u>	<u>201,916</u>	<u>18,300</u>	<u>21,908,249</u>
<b>Expenditures:</b>					
Current Operations and Maintenance:					
Security of Persons and Property	3,403,578	1,029,899	0	0	4,433,477
Public Health	127,661	0	0	0	127,661
Leisure Time Activities	923,164	0	0	0	923,164
Community Development	1,232,667	175,752	0	0	1,408,419
Basic Utility Services	1,041,665	104,436	0	0	1,146,101
Transportation	783,772	678,577	0	0	1,462,349
General Government	2,036,047	78,888	0	0	2,114,935
Capital Outlay	6,280,482	455,784	0	361,439	7,097,705
Debt Service:					
Principal Retirement	24,802	15,383	324,000	0	364,185
Interest and Fiscal Charges	81,332	482	220,518	0	302,332
<b>Total Expenditures</b>	<u>15,935,170</u>	<u>2,539,201</u>	<u>544,518</u>	<u>361,439</u>	<u>19,380,328</u>
<b>Excess of Revenues over/ (under) Expenditures</b>	<u>3,740,462</u>	<u>(526,800)</u>	<u>(342,602)</u>	<u>(343,139)</u>	<u>2,527,921</u>
<b>Other Financing Sources (Uses):</b>					
Inception of Capital Lease	13,413	0	0	0	13,413
Proceeds of Loans	237,347	0	0	0	237,347
Operating Transfers - In	699,670	1,024,030	371,870	529,000	2,624,570
Operating Transfers - Out	(2,172,878)	(43,772)	0	0	(2,216,650)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,222,448)</u>	<u>980,258</u>	<u>371,870</u>	<u>529,000</u>	<u>658,680</u>
<b>Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	<u>2,518,014</u>	<u>453,458</u>	<u>29,268</u>	<u>185,861</u>	<u>3,186,601</u>
<b>Fund Balances at Beginning of Year</b>	<u>12,981,290</u>	<u>2,672,721</u>	<u>1,258,145</u>	<u>2,955,713</u>	<u>19,867,869</u>
<b>Decrease in Reserve for Inventory</b>	<u>(1,872)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,872)</u>
<b>Fund Balances at End of Year</b>	<u>\$ 15,497,432</u>	<u>\$ 3,126,179</u>	<u>\$ 1,287,413</u>	<u>\$ 3,141,574</u>	<u>\$ 23,052,598</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF GAHANNA, 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			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>						
Property Taxes	\$ 980,649	\$ 987,001	\$ 6,352	\$ 162,538	\$ 163,591	\$ 1,053
Municipal Income Tax	13,013,011	10,992,570	(2,020,441)	0	0	0
Other Local Taxes	967,927	279,309	(688,618)	23,541	31,439	7,898
Intergovernmental	1,724,004	2,556,278	832,274	1,650,620	1,588,566	(62,054)
Charges for Services	554,668	1,645,595	1,090,927	0	0	0
Licenses and Permits	522,138	458,041	(64,097)	0	0	0
Fines and Forfeitures	237,427	247,395	9,968	49,894	49,753	(141)
Interest	567,628	1,606,031	1,038,403	0	0	0
Miscellaneous	135,782	1,070,971	935,189	1,049	1,134	85
<b>Total Revenues</b>	<b>18,703,234</b>	<b>19,843,191</b>	<b>1,139,957</b>	<b>1,887,642</b>	<b>1,834,483</b>	<b>(53,159)</b>
<b>Expenditures:</b>						
<b>Current Operations and Maintenance:</b>						
Security of Persons and Property	3,838,062	3,517,832	320,230	1,175,064	1,078,950	96,114
Public Health	127,700	127,661	39	0	0	0
Leisure Time Activities	1,019,039	924,171	94,868	1,500	0	1,500
Community Development	924,882	830,420	94,462	265,007	213,787	51,220
Basic Utility Services	1,434,328	1,232,365	201,963	134,423	104,934	29,489
Transportation	954,566	889,412	65,154	785,255	734,378	50,877
General Government	2,685,307	2,256,792	428,515	140,580	91,261	49,319
Capital Outlay	9,434,070	9,291,351	142,719	889,441	783,279	106,162
Debt Service:						
Principal Retirement	3,146	3,146	0	0	0	0
Interest and Fiscal Charges	77,854	77,854	0	0	0	0
<b>Total Expenditures</b>	<b>20,498,954</b>	<b>19,151,204</b>	<b>1,347,750</b>	<b>3,391,270</b>	<b>3,006,589</b>	<b>384,681</b>
Excess of Revenues over (under) Expenditures	(1,795,720)	691,987	2,487,707	(1,503,628)	(1,172,106)	331,522
<b>Other Financing Sources (Uses):</b>						
Proceeds of Loans	0	237,347	237,347	0	0	0
Operating Transfers - In	1,858,050	699,670	(1,158,380)	1,052,101	1,024,030	(28,071)
Operating Transfers - Out	(2,176,487)	(2,172,878)	3,609	(68,705)	(43,772)	24,933
<b>Total Other Financing Sources (Uses)</b>	<b>(318,437)</b>	<b>(1,235,861)</b>	<b>(917,424)</b>	<b>983,396</b>	<b>980,258</b>	<b>(3,138)</b>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(2,114,157)	(543,874)	1,570,283	(520,232)	(191,848)	328,384
Fund Balances at Beginning of Year-Restated	9,836,797	9,836,797	0	2,085,866	2,085,866	0
Prior Year Encumbrances Carried Over	2,189,078	2,189,078	0	508,734	508,734	0
<b>Fund Balances at End of Year</b>	<b>\$ 9,911,718</b>	<b>\$ 11,482,001</b>	<b>\$ 1,570,283</b>	<b>\$ 2,074,368</b>	<b>\$ 2,402,752</b>	<b>\$ 328,384</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

DEBT SERVICE			CAPITAL PROJECTS			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 181,503	\$ 182,521	\$ 1,018	\$ 0	\$ 0	\$ 0	\$ 1,324,690	\$ 1,333,113	\$ 8,423
0	0	0	0	0	0	13,013,011	10,992,570	(2,020,441)
0	0	0	0	0	0	991,468	310,748	(680,720)
8,680	18,560	9,880	0	0	0	3,383,304	4,163,404	780,100
0	0	0	0	0	0	554,668	1,645,595	1,090,927
0	0	0	19,000	18,300	(700)	541,138	476,341	(64,797)
0	0	0	0	0	0	287,321	297,148	9,827
0	0	0	0	0	0	567,628	1,606,031	1,038,403
0	0	0	0	0	0	136,831	1,072,105	935,274
190,183	201,081	10,898	19,000	18,300	(700)	20,800,059	21,897,055	1,096,996
0	0	0	0	0	0	5,013,126	4,596,782	416,344
0	0	0	0	0	0	127,700	127,661	39
0	0	0	0	0	0	1,020,539	924,171	96,368
0	0	0	0	0	0	1,189,889	1,044,207	145,682
0	0	0	0	0	0	1,568,751	1,337,299	231,452
0	0	0	0	0	0	1,739,821	1,623,790	116,031
0	0	0	0	0	0	2,825,887	2,348,053	477,834
0	0	0	842,000	364,574	477,426	11,165,511	10,439,404	726,107
600,564	596,730	3,834	0	0	0	603,710	599,876	3,834
374,294	371,118	3,176	0	0	0	452,148	448,972	3,176
974,858	967,848	7,010	842,000	364,574	477,426	25,707,082	23,490,215	2,216,867
(784,675)	(766,767)	17,908	(823,000)	(346,274)	476,726	(4,907,023)	(1,593,160)	3,313,863
0	0	0	0	0	0	0	237,347	237,347
795,200	795,200	0	407,000	529,000	122,000	4,112,351	3,047,900	(1,064,451)
0	0	0	0	0	0	(2,245,192)	(2,216,650)	28,542
795,200	795,200	0	407,000	529,000	122,000	1,867,159	1,068,597	(798,562)
10,525	28,433	17,908	(416,000)	182,726	598,726	(3,039,864)	(524,563)	2,515,301
1,258,145	1,258,145	0	2,967,916	2,967,916	0	16,148,724	16,148,724	0
0	0	0	0	0	0	2,697,812	2,697,812	0
\$ 1,268,670	\$ 1,286,578	\$ 17,908	\$ 2,551,916	\$ 3,150,642	\$ 598,726	\$ 15,806,672	\$ 18,321,973	\$ 2,515,301

**CITY OF GAHANNA, OHIO**  
 Combined Statement of Revenues,  
 Expenses, and Changes in Retained Earnings  
 Proprietary Fund Type  
 For the Year Ended December 31, 1999

	<u><b>ENTERPRISE</b></u>
<b><u>Operating Revenues:</u></b>	
Charges for Services	\$ 7,275,114
Miscellaneous	175,985
<b>Total Operating Revenues</b>	<u>7,451,099</u>
<b><u>Operating Expenses:</u></b>	
Personal Services	487,365
Supplies and Materials	1,450,490
Contractual Services	2,882,798
Other Operating Charges	207,849
Depreciation	551,865
<b>Total Operating Expenses</b>	<u>5,580,367</u>
Operating Income	<u>1,870,732</u>
<b><u>Non-Operating Expenses:</u></b>	
Interest and Fiscal Charges	<u>(164,528)</u>
Income before Operating Transfers	<u>1,706,204</u>
Operating Transfers - In	113,920
Operating Transfers - Out	<u>(521,840)</u>
Net Income	1,298,284
Retained Earnings at Beginning of Year	<u>29,476,420</u>
Retained Earnings at End of Year	<u>\$ 30,774,704</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF GAHANNA, OHIO**  
 Combined Statement of Revenues, Expenses, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Proprietary Fund Type  
 For The Year Ended December 31, 1999

	<i>ENTERPRISE</i>		
	<i>BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE FAVORABLE (UNFAVORABLE)</i>
<b><u>Revenues:</u></b>			
Charges for Services	\$ 8,171,500	\$ 7,602,396	\$ (569,104)
Miscellaneous	87,000	175,985	88,985
<b>Total Revenues</b>	<b>8,258,500</b>	<b>7,778,381</b>	<b>(480,119)</b>
<b><u>Expenses:</u></b>			
Personal Services	569,970	537,813	32,157
Supplies and Materials	6,631,091	5,565,187	1,065,904
Contractual Services	74,672	45,650	29,022
Capital Outlay	1,880,382	1,329,242	551,140
Other Operating Expenses	576,404	373,439	202,965
<b>Total Expenses</b>	<b>9,732,519</b>	<b>7,851,331</b>	<b>1,881,188</b>
Excess of Revenues over (under) Expenses	(1,474,019)	(72,950)	1,401,069
<b>Transfers:</b>			
Operating Transfers - In	0	113,920	113,920
Operating Transfers - Out	(958,795)	(945,170)	13,625
<b>Total Transfers</b>	<b>(958,795)</b>	<b>(831,250)</b>	<b>127,545</b>
Excess of Revenues over (under) Expenses and Transfers	(2,432,814)	(904,200)	1,528,614
Fund Balances at Beginning of Year	6,693,003	6,693,003	0
Prior Year Encumbrances Carried Over	1,674,981	1,674,981	0
<b>Fund Balances at End of Year</b>	<b>\$ 5,935,170</b>	<b>\$ 7,463,784</b>	<b>\$ 1,528,614</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL  
 STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

	<u>ENTERPRISE</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Customers	\$7,602,396
Cash Payments for Personal Services	(509,951)
Cash Payments for Contractual Services	(28,328)
Cash Payments to Vendors for Materials and Supplies	(2,389,380)
Other Operating Revenues	175,985
Other Operating Expenses	(266,933)
<b>Net Cash Provided by Operating Activities</b>	<u>4,583,789</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>	
Operating Transfers-In	113,920
Operating Transfers-Out	(521,840)
<b>Net Cash Used for Noncapital Financing Activities</b>	<u>(407,920)</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>	
Acquisition and Construction of Capital Assets	(441,105)
Principal Paid on General Obligation Bonds	(265,000)
Principal Paid on OPWC Loans	(7,730)
Interest Paid on General Obligation Bonds	(150,600)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<u>(864,435)</u>
Net Increase in Cash and Cash Equivalents	3,311,434
Cash and Cash Equivalents, Beginning of Year	<u>8,367,984</u>
Cash and Cash Equivalents, End of Year	<u>\$11,679,418</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u></b>	
Operating Income	\$1,870,732
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u></b>	
Depreciation	551,865
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	327,282
Increase in Materials and Supplies Inventory	(6,462)
Decrease in Prepaid Items	58
Increase in Accounts Payable	1,092,927
Increase in Contracts Payable	11,154
Increase in Due to Other Governments	742,583
Increase in Accrued Wages	1,112
Decrease in Compensated Absences Payable	(7,462)
<b>Net Cash Provided by Operating Activities</b>	<u>\$4,583,789</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF GAHANNA, OHIO**

***Notes To The General Purpose Financial Statements***

***For the Year Ended December 31, 1999***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Gahanna 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 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 Gahanna is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council-administrator form of government, was adopted by the electorate June 27, 1961, and was completely renumbered by the Clerk of Council in January 1992.

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 including a public safety department, a public service department, a street maintenance department, a parks and recreation department, a senior center, and an engineering department. The City of Gahanna is also responsible for the construction, maintenance, and repairs associated with the water and sewer lines, while the City of Columbus provides water and sewer treatment services. Council and the Mayor have direct responsibility for these activities.

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 blended or discretely presented component units.

# **CITY OF GAHANNA, OHIO**

## ***Notes to the General Purpose Financial Statements***

***For the Year Ended December 31, 1999***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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:

- ▶ Mifflin Township Fire Department
- ▶ Gahanna City School District

The Gahanna 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 City is a member of the Central Ohio Health Care Consortium (the "Pool"), a risk sharing pool which provides health insurance. The Pool, which commenced business on January 1, 1992, has thirteen members consisting of various cities, villages, and townships. The members originally entered into an irrevocable agreement to remain a member of the Pool for a minimum of three years. This agreement was renewed for an additional three years on January 1, 1998. The Pool is governed by a Board of Directors consisting of one director appointed by each member. The Board elects a chairman, a vice chairman, and a secretary. The Board is responsible for its own financial matters and the Pool maintains its own books of account. Budgeting and financing of the Pool is subject to the approval of the Board. The City has no explicit and measurable equity interest in the Pool. The City has no ongoing financial responsibility other than the three year minimum membership. See Note 10.

The Franklin County General Health District, a jointly governed organization, provides health services within the County. The Board of Health, with representatives from throughout the County, oversees the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority and the County Auditor and Treasurer serve as fiscal officers. See Note 17.

The City is associated with the Gahanna Jefferson City School District in a joint operation. These organizations have agreed to construct and operate a maintenance facility and fueling station. See Note 18.

### **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 City functions and activities.



# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 that are not recorded in the funds because they do not directly affect net expendable available financial 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 FUND TYPES

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 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 Gahanna 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 and special assessment debt principal and interest.

##### *CAPITAL PROJECTS FUNDS*

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

**CITY OF GAHANNA, OHIO**

**Notes to the General Purpose Financial Statements**

**For the Year Ended December 31, 1999**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPRIETARY FUND TYPE**

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 cash flows. The following is the City's proprietary fund type:

***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 FUND TYPE**

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 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, but are items for which financial resources have been used and for which the City maintains accountability. They are not assets of any fund, but of the City as a whole.

***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.

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. BASIS OF ACCOUNTING

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

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 (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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. Principal and interest on general long-term and special assessment debt are recognized as expenditures 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, intergovernmental revenues (including motor vehicle license fees, gasoline tax, and local government assistance), grants, fines and forfeitures, and reimbursements due from federal and state funded projects for which corresponding expenditures have been made.

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

The City reports deferred revenue on its combined balance sheet. Deferred revenue arises 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. Special assessment installments to be received in governmental funds are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999, 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.

**CITY OF GAHANNA, OHIO**

**Notes to the General Purpose Financial Statements**

**For the Year Ended December 31, 1999**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

On or about January 1 the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director 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.

***ANNUAL ESTIMATE***

The Mayor, with the assistance of the Director of Finance, is required by charter to submit to Council, on or before December 7 of each fiscal year, an estimate of the revenues and expenditures of each fund of the City for the next succeeding fiscal year. The annual estimate serves as the basis for appropriations (the appropriated budget) in each fund.

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 Official 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. Seventy-nine supplemental appropriation measures were legally enacted during 1999 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. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made to personal services, contractual services, supplies and materials, capital outlay, debt service, operating transfers, and other operating charges. The appropriations set by Council remain fixed unless amended by Council ordinance. More detailed appropriation allocations may be made by the Finance Director 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.

# **CITY OF GAHANNA, OHIO**

## ***Notes to the General Purpose Financial Statements***

***For the Year Ended December 31, 1999***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. CASH AND CASH EQUIVALENTS**

Cash received by the City is deposited in a central bank account. Monies for all funds are maintained in the account or temporarily used to purchase investments. 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, money market mutual funds, U.S. Treasury Notes, U. S. Government Securities, and Star Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Open-end mutual funds are reported at fair value which is determined by the mutual funds current share price.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999.

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.

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 \$1,459,991, which includes \$753,077 assigned from other funds.

#### **F. MATERIALS AND SUPPLIES INVENTORY**

Inventories of governmental funds are stated at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased and an expense in the proprietary funds when used. Reported materials and supplies inventory are equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. PREPAID ITEMS**

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

**H. FIXED ASSETS**

The fixed asset values were initially determined at December 31, 1996, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated. The City has established \$500 or a useful life of one year or greater, as the threshold for which fixed assets are to be reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements 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.

*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
Machinery and Equipment	30
Sewer and Water Lines	65

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### CAPITALIZATION OF INTEREST

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, there was no capitalized interest costs incurred on enterprise fund construction projects.

#### I. 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

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 Debt Account Group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.

#### J. 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, contractually required pension contributions are reported as a liability in the General Long-Term Debt Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty-one days after year end are generally considered not to have been paid with current available financial resources. Bonds, capital leases and long-term loans and notes are recognized as a liability of the General Long-Term Debt Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.



# **CITY OF GAHANNA, OHIO**

## **Notes to the General Purpose Financial Statements**

**For the Year Ended December 31, 1999**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **K. RESERVES OF FUND EQUITY**

Reserves of fund equity indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances, inventory of supplies and materials, and highway improvement projects. A designation of fund balance has been made for future termination benefits.

#### **L. 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.

#### **M. 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.

#### **N. 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.

#### **O. ESTIMATES**

The preparation of 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.

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. DESIGNATED ASSETS**

Designated assets in the general fund represent cash and cash equivalents used to establish a set-aside for future sick and vacation termination benefits. The set-aside was established by City Council and may be amended at any time. A fund balance designation has also been established.

**Q. RESTRICTED ASSETS**

Restricted assets in the general fund represent escrow account deposits in conjunction with Ohio Department of Transportation (ODOT) highway improvement projects. The City is required to make deposits into the escrow account as instructed by ODOT. ODOT draws down payments from this account throughout the construction period. Funds not spent when the project is complete are returned to the City although the City expects all funding to be used for the current projects. The City has recorded this escrow account as a restricted asset and a corresponding reserve of fund balance.

**R. MEMORANDUM ONLY - TOTAL COLUMNS ON COMBINED FINANCIAL STATEMENTS**

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

**NOTE 2 - ACCOUNTABILITY AND COMPLIANCE**

**BUDGETARY (NON-GAAP) BASIS RESTATEMENT**

Balances at January 1, 1999, in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis)- All Governmental Fund Types have been restated to present true unencumbered cash balances at January 1, 1999 for the General and Capital Projects fund types.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

# **CITY OF GAHANNA, OHIO**

## **Notes to the General Purpose Financial Statements**

**For the Year Ended December 31, 1999**

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### **NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

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 period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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 finance director 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;
4. Bonds and other obligations of the State of Ohio;

# *CITY OF GAHANNA, OHIO*

## *Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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### **NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

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

At year end, the carrying amount of the City's deposits was \$2,039,930, and the bank balance was \$2,545,062. Of the bank balance, \$345,175 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. 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, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*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.*

<u>Investment Type:</u>	<u>Category Two</u>	<u>Fair Value</u>
U.S. Treasury Notes	\$848,792	\$848,782
U.S. Government Securities	4,516,271	4,516,271
Money Market Mutual Funds	4,554,101	4,554,101
Star Ohio	<u>0</u>	<u>22,465,974</u>
Total Investments	<u>\$9,919,164</u>	<u>\$32,385,128</u>

Investments in Star Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in *GASB Statement No. 9*. Cash equivalents are defined to include investments with original maturities of three months or less and the City's cash management pool.

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

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$34,425,058	\$0
Investments:		
U.S. Treasury Notes	(848,782)	848,782
U.S. Government Securities	(4,516,271)	4,516,271
Money Market Mutual Funds	(4,554,101)	4,554,101
Star Ohio	<u>(22,465,974)</u>	<u>22,465,974</u>
GASB Statement No. 3	<u>\$ 2,039,930</u>	<u>\$32,385,128</u>

**NOTE 4 - MUNICIPAL INCOME TAX**

The City levies and collects an income tax of one and 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 eighty three and one third percent of the tax paid to another municipality that has a tax rate of one and one half percent or less, 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.

**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 1999 for real and public utility property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

Real property taxes for 1999 are levied after October 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes for 1999 are collected in and intended to finance the operations of 2000.

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. Public utility property taxes for 1999 became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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### NOTE 5 - PROPERTY TAX (Continued)

Tangible personal property taxes for 1999 are levied after October 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 1999, was \$2.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$620,939,560
Public Utility Property	18,056,320
Tangible Personal Property	<u>41,806,664</u>
Total Property Taxes	<u>\$680,802,544</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 Gahanna. 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, 1999. 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 1999 operations. The receivable is offset by deferred revenue.

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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**NOTE 6 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes; charges for services; intergovernmental receivables arising from grants, entitlements or shared revenues; special assessments; interest on investments; and interfund. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Fund Type/Fund</u>	<u>Amount</u>
General Fund	
Local Government	\$96,183
Local Government Revenue Assistance	9,567
Liquor Permits	572
Estate Taxes	95,510
Municipal Court Fines and Forfeitures	5,921
Lease	600
Personal Property Exemption	<u>5,211</u>
Total General Fund	<u>213,564</u>



**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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**NOTE 6 - RECEIVABLES (Continued)**

Special Revenue Funds

Street Maintenance Fund

Gasoline Tax	46,820
Permissive Tax	20,051
Motor Vehicle License Tax	<u>15,959</u>

Total Street Maintenance Fund 82,830

State Highway Fund

Gasoline Tax	3,796
Motor Vehicle License Tax	<u>1,294</u>

Total State Highway Fund 5,090

COPS Fast Grant Fund

Grants	<u>399,650</u>
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Enforcement and Education

Municipal Court Fines and Forfeitures	<u>173</u>
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Police Pension Fund

Personal Property Exemption	<u>864</u>
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Total Special Revenue Funds 488,607

Debt Service Fund

Personal Property Exemption	<u>835</u>
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Total Debt Service Fund 835

Total Intergovernmental \$703,006

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

**NOTE 7 - FIXED ASSETS**

**A. GENERAL FIXED ASSETS**

Changes in general fixed assets during 1999 were as follows:

<u>Fixed Asset Type</u>	<u>Balance 12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/99</u>
Land	\$4,966,080	\$2,903,961	(\$100,000)	\$7,770,041
Buildings	8,852,699	81,000	0	8,933,699
Improvements Other Than Buildings	1,630,357	12,225	0	1,642,582
Machinery and Equipment	2,243,859	535,111	(144,800)	2,634,170
Vehicles	<u>1,463,874</u>	<u>127,106</u>	<u>(58,946)</u>	<u>1,532,034</u>
Total General Fixed Assets	<u>\$19,156,869</u>	<u>\$3,659,403</u>	<u>(\$303,746)</u>	<u>\$22,512,526</u>

**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>Fixed Asset Type</u>	<u>Water</u>	<u>Sewer</u>	<u>Balance 12/31/99</u>
Buildings	\$991,000	\$2,420	\$993,420
Machinery and Equipment	88,492	81,645	170,137
Sewer and Water Lines	<u>13,904,810</u>	<u>17,457,206</u>	<u>31,362,016</u>
Total Fund Fixed Assets	14,984,302	17,541,271	32,525,573
Less: Accumulated Depreciation	<u>(3,938,049)</u>	<u>(5,095,735)</u>	<u>(9,033,784)</u>
Total Fund Fixed Assets (Net of accumulated depreciation)	<u>\$11,046,253</u>	<u>\$12,445,536</u>	<u>\$23,491,789</u>

# **CITY OF GAHANNA, OHIO**

## ***Notes to the General Purpose Financial Statements***

***For the Year Ended December 31, 1999***

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### **NOTE 8 - DEFINED BENEFIT PENSION PLANS**

#### **A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The City of Gahanna contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement 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 publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent with 9.35 percent as the portion to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$292,490, \$256,178, and \$229,801, respectively. The full amount has been contributed for 1998 and 1997. 73.96 percent has been contributed for 1999 with the remainder being reported as a fund liability and the general long-term debt account group.

#### **B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND**

The City of Gahanna contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple-employer defined benefit pension plan. The Fund provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial information and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police. The City has no firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 1999, 1998, and 1997 were \$329,205, \$319,021, and \$275,609, respectively, equal to the required contributions for each year. The full amount has been contributed for 1998 and 1997. 71.97 percent has been contributed for 1999 with the remainder being reported within the general long-term debt account group.

# **CITY OF GAHANNA, OHIO**

## **Notes to the General Purpose Financial Statements**

**For the Year Ended December 31, 1999**

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### **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 1999 employer contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care for 1999.

For 1999, benefits are funded on a pay-as-you-go-basis. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$131,386.

#### **B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND**

The Police and Firemen's Disability and Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not he is attending school or under 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 Fund's Board of Trustees to provide health care coverage to all eligible individuals, and that health care cost paid from the funds of the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firemen's employer contribution rate is 24 percent of covered payroll, of which 7.0 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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### NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

Gahanna has no fire personnel.

The number of participants eligible to receive health care benefits as of December 31, 1998, (the latest information available) was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$184,355 for police. The Fund's total health care expenses for the year ending December 31, 1998, were \$78,596,790, which was net of member contributions of \$5,331,515.

### NOTE 10 - EMPLOYEE BENEFITS

#### A. 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 variable rates based on years of service worked and can be accumulated without limit. According to the contracts, each employee with the City is paid the employee's earned unused sick leave, or the full balance is transferred to another governmental agency upon termination from the City. 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 \$28,440 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 Debt Account Group in the amount of \$962,863. The liability for compensated absences in the proprietary funds at December 31, 1999, was \$28,062.

#### B. DEFERRED COMPENSATION PLAN

Employees of the City may elect to participate in the AETNA Life Insurance and Annuity Company or the Ohio Public Employees Deferred Compensation plans created in accordance with Internal Revenue Code Section 457. Under these programs, employees elect to defer a portion of their pay. The deferred pay and any income earned on it is not subject to federal and state income taxation until actually received by the employee. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

#### C. HEALTH CARE BENEFITS

On January 1, 1992, the City joined the Central Ohio Health Care Consortium, a risk-sharing pool, which provides employee health care benefits for all full-time employees who wish to participate

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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### **NOTE 10 - EMPLOYEE BENEFITS (Continued)**

in the plan. The pool consists of thirteen political subdivisions who pool risk for basic hospital, surgical, and prescription drug coverage. The City pays monthly contributions to the Consortium, which are used to cover claims and administrative costs, and to purchase excess loss insurance for the plan. The Consortium has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Plan for medical claims paid for an individual in excess of \$150,000, with an individual lifetime maximum of \$2,000,000. The aggregate excess loss coverage has been structured to indemnify the Plan for aggregate claims paid in excess of \$4,990,568 to a maximum of \$1,000,000, annually. In the event that the losses of the Consortium in any year exceeds amounts paid to the Consortium, together with all stop-loss, reinsurance, and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which the claim was made.

Dental, vision, and life insurance coverage is provided by Delta Dental, Vision Service Plan, and Sun Life Insurance Companies, respectively.

### **NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE**

During 1999, and in prior years, the City has entered into capitalized leases for equipment and furniture, and fixtures. Each 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. These expenditures are reported as function expenditures on the budgetary statements in the general fund and the court data special revenue fund.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the General Fixed Assets Account Group in the amount of \$124,507. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Debt Account Group. Principal payments in fiscal year 1999 totaled \$26,802 in the governmental funds.

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

### NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 1999.

Fiscal Year Ending December 31,	GLTDAG
2000	\$20,794
2001	<u>10,892</u>
Total	31,686
Less: Amount Representing Interest	<u>(1,966)</u>
Present Value of Net Minimum Lease Payments	<u>\$29,720</u>

### NOTE 12- OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

#### A. BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

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

Types/Issues	Balance 12/31/98	Issued	Retired	Balance 12/31/99
<u>Enterprise Fund Obligations</u>				
General Obligation Bonds				
Water Fund				
1991 - Star Bank Series 6.10%	\$705,000	\$0	\$140,000	\$565,000
1994 - Star Bank Series 4.90%	<u>1,365,000</u>	<u>0</u>	<u>50,000</u>	<u>1,315,000</u>
Total Water Fund	<u>2,070,000</u>	0	<u>190,000</u>	<u>1,880,000</u>
Sewer Fund				
1991 - Star Bank Series 6.10%	<u>530,000</u>	<u>0</u>	<u>75,000</u>	<u>455,000</u>
Total General Obligation Bonds	<u>2,600,000</u>	0	<u>265,000</u>	<u>2,335,000</u>
Other Long-Term Obligations				
OPWC Loan Payable 3.50%	<u>143,163</u>	<u>0</u>	<u>7,730</u>	<u>135,433</u>
Total Enterprise Fund Obligations	<u>\$2,743,163</u>	<u>\$0</u>	<u>\$272,730</u>	<u>\$2,470,433</u>

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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

Types/Issues	<u>Balance 12/31/98</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/99</u>
<b><u>General Long-Term Obligations</u></b>				
<b>General Obligation Bonds</b>				
1991 - Star Bank Series 5.90%	\$425,000	\$0	\$135,000	\$290,000
1994 - Star Bank Series 4.60%	<u>3,620,000</u>	<u>0</u>	<u>180,000</u>	<u>3,440,000</u>
Total General Obligation Bonds	<u>4,045,000</u>	<u>0</u>	<u>315,000</u>	<u>3,730,000</u>
<b>Special Assessment Bonds</b>				
Research Road 10.88%	<u>27,000</u>	<u>0</u>	<u>9,000</u>	<u>18,000</u>
<b>Long-Term Notes</b>				
Post Office Building Notes 6.00%	<u>1,298,992</u>	<u>0</u>	<u>3,146</u>	<u>1,295,846</u>
<b>Long-Term Loans</b>				
Year 2000 Loan Interest-Free	<u>0</u>	<u>237,347</u>	<u>0</u>	<u>237,347</u>
<b>Other Long-Term Obligations</b>				
Pension Obligation	239,434	240,729	239,434	240,729
Compensated Absences	822,424	140,439	0	962,863
Police Pension Liability (restated)	10,237	0	10,237	0
Capital Lease	<u>43,109</u>	<u>13,413</u>	<u>26,802</u>	<u>29,720</u>
Total Other Long-Term Obligations	<u>1,115,204</u>	<u>394,581</u>	<u>276,473</u>	<u>1,233,312</u>
Total All General Long-Term Obligations	<u>\$6,486,196</u>	<u>\$631,928</u>	<u>\$603,619</u>	<u>\$6,514,505</u>

The City's overall legal debt margin was \$68,804,333 at December 31, 1999.



**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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

Annual debt service requirements to maturity for general long-term obligations including interest of \$1,349,469 are:

Year	General Obligation	Special Assessments	Long-Term Notes	Long-Term Loans	Total
2000	\$528,810	\$10,958	\$81,000	\$0	\$620,768
2001	529,845	9,979	81,000	237,347	858,171
2002	525,388	0	81,000	0	606,388
2003	525,509	0	81,000	0	606,509
2004	529,038	0	1,294,009	0	1,823,047
2005-2009	<u>2,115,779</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,115,779</u>
Total	<u>\$4,754,369</u>	<u>\$20,937</u>	<u>\$1,618,009</u>	<u>\$237,347</u>	<u>\$6,630,662</u>

Annual debt service requirements to maturity for Enterprise Fund Obligations including interest of \$586,376 are:

Year	Water Revenue Bonds	Sewer Revenue Bonds	Sewer OPWC Loan	Total
2000	\$302,793	\$106,700	\$12,674	\$422,167
2001	305,436	106,543	12,674	424,653
2002	307,483	105,985	12,674	426,142
2003	304,077	105,018	12,674	421,769
2004	299,837	108,465	12,674	420,976
2005-2009	833,373	0	63,370	896,743
2010-2013	<u>0</u>	<u>0</u>	<u>44,359</u>	<u>44,359</u>
Total	<u>\$2,352,999</u>	<u>\$532,711</u>	<u>\$171,099</u>	<u>\$3,056,809</u>

# **CITY OF GAHANNA, OHIO**

## **Notes to the General Purpose Financial Statements**

**For the Year Ended December 31, 1999**

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

#### **B. COMPENSATED ABSENCES / PENSION OBLIGATIONS**

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 the pension obligation will be paid from the fund from which the employees' salaries are paid.

#### **C. LONG-TERM NOTE**

On August 31, 1998, the City entered into an agreement to pay a promissory note in the amount of \$1,300,000 at 6.00% interest in exchange for value received of property at 109 Mill Street, Gahanna, Ohio, 43230. The notes are payable from resources from the General Fund and will be paid in full on February 28, 2004.

#### **D. YEAR 2000 LOAN**

During 1999, the City entered into a loan agreement with Franklin County as part of the Local Government Y2K Loan Program. The loan was in the amount of \$237,347 and will be paid from the General Fund in one payment in fiscal year 2001. This is an interest free loan. The proceeds were used to purchase generators for the police station and the maintenance facilities building.

#### **E. OHIO PUBLIC WORKS COMMISSION (OPWC) LOANS**

The OPWC loans consist of money owed to the Ohio Public Works Commission for various construction projects within the City. These consist of 15 or 20 year loans payable from gross revenues of the Sewer Enterprise Fund.

#### **F. GENERAL OBLIGATION BONDS**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and refinancing of bond anticipation notes. General obligation bonds are direct obligations and pledge the full faith and credit of the City for repayment. These bonds are generally issued as 20 year serial bonds with equal amounts of principal maturing each year and are paid with property taxes from the Debt Service Fund.

#### **G. SPECIAL ASSESSMENT BONDS**

Special assessment bonds are payable from the proceeds of assessments levied against the specific property owners who primarily benefit from the project. Special assessment monies will be received in and the debt will be retired from the Debt Service Fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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

#### H. POLICE PENSION LIABILITY

The Police Pension liability was incorrectly stated in 1998. The correct outstanding liability was \$14,763. This amount was restated in the General Long-Term Obligations Account Group. The remaining liability was completely paid in 1999 for \$10,237 as a result of a \$4,526 discount that was given by the State of Ohio for early repayment.

#### I. INDUSTRIAL REVENUE BONDS

The City has two outstanding issues of industrial development revenue bonds in the amounts of \$775,000 and \$2,050,000 at December 31, 1999, for facilities used by private corporations or other entities. The City is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the City's debt presentation. There has not been and is not any condition of default under the bonds or the related financing instruments.

### NOTE 13 - CONSTRUCTION COMMITMENTS

The City has entered into various contracts for the construction and acquisition of capital assets. At December 31, 1999, the significant outstanding construction commitments are:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance 12/31/99</u>
Acorn Farms	\$12,000	\$3,937	\$8,063
American Rocksalt	18,248	0	18,248
Burdick Equipment	12,500	0	12,500
Burgess & Niple	81,000	65,503	15,497
Center City International	108,487	0	108,487
Charles Porter Company	10,500	0	10,500
Clyde Williams	136,221	55,825	80,396
Cody Ziegler	66,600	50,600	16,000
Columbus Art Memorial	42,500	0	42,500
Columbus Asphalt & Paving	147,500	139,054	8,446
Creative Microsystems	20,000	0	20,000
Daystar Computer Systems	31,538	0	31,538

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

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### NOTE 13 - CONSTRUCTION COMMITMENTS (Continued)

Donald Kenney	\$450,000	\$0	\$450,000
East Industrial Sewer	156,175	137,175	19,000
Eastside Nursery	45,810	34,793	11,017
EMH&T	191,100	186,597	4,503
Gaddis & Son	214,295	153,501	60,794
Gemini Construction Company	12,152	0	12,152
Herman Hamons	35,000	0	35,000
J.D. Equipment	6,878	0	6,878
Jess Howard Electric	259,347	16,888	242,459
M.S. Consultants	69,665	5,029	64,636
Metro Telecom	129,931	100,396	29,535
Miller Paving	463,370	0	463,370
Myers Schmalenberger	98,000	77,035	20,965
Nickolas Savko	248,477	219,855	28,622
Peabody Landscape	788,000	0	788,000
Pinnacle Metal	112,500	79,550	32,950
Pizzuti	75,000	0	75,000
Righter Company	429,000	120,777	308,223
Sensus Technologies	29,933	8,503	21,430
Shelley & Sands	9,031	0	9,031
Shelley Company	288,349	260,640	27,709
Sticklen Belsheim	50,689	0	50,689
Stonehenge Company	110,000	0	110,000
Woodward Excavating	<u>29,000</u>	<u>0</u>	<u>29,000</u>
Totals	<u>\$4,988,796</u>	<u>\$1,715,658</u>	<u>\$3,273,138</u>

# CITY OF GAHANNA, OHIO

## Notes to the General Purpose Financial Statements

For the Year Ended December 31, 1999

### NOTE 14 - RISK MANAGEMENT

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles, general liability, and police professional liability insurance. The City also carries Public Officials liability insurance. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

### 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:

	Water Fund	Sewer Fund	Total
Operating Revenues	\$3,279,370	\$4,171,729	\$7,451,099
Operating Expenses Before Depreciation	1,873,452	3,155,050	5,028,502
Depreciation Expense	240,466	311,399	551,865
Operating Income	1,165,452	705,280	1,870,732
Non Operating Expenses	123,246	41,282	164,528
Operating Transfers In	16,460	97,460	113,920
Operating Transfers Out	(220,647)	(301,193)	(521,840)
Net Income	838,019	460,265	1,298,284
Net Working Capital	6,770,248	2,983,100	9,753,348
Property, Plant and Equipment Additions	182,720	258,385	441,105
Total Assets	18,907,701	17,431,218	36,338,919
Bonds and Other Long-Term Liabilities Payable from Revenues	1,880,000	590,433	2,470,433
Total Fund Equity	15,936,501	14,838,203	30,774,704
Encumbrances Outstanding At December 31, 1999	\$1,315,368	\$2,900,265	\$4,215,633

# **CITY OF GAHANNA, OHIO**

## **Notes to the General Purpose Financial Statements**

**For the Year Ended December 31, 1999**

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### **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, 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 Balances - 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 a balance sheet transaction (GAAP basis.)

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 are as follows:

**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

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	\$2,518,014	\$453,458	\$29,268	\$185,861
<u>Increases (Decreases) Due To:</u>				
Revenue Accruals	(944,713)	(177,918)	(835)	0
Expenditure Accruals	1,231,722	(162,600)	(747,330)	(3,135)
Encumbrances Outstanding				
at Year End (Budget Basis)	(3,360,286)	(304,788)	0	0
Inception of Capital Lease	(13,413)	0	0	0
Debt Principal Retirements	24,802	0	324,000	0
Operating Transfers	<u>0</u>	<u>0</u>	<u>423,330</u>	<u>0</u>
Budget Basis	<u>(\$543,874)</u>	<u>(\$191,848)</u>	<u>\$28,433</u>	<u>\$182,726</u>

Net Income/Excess of Revenues over/(under) Expenses and Transfers

Proprietary Fund Type

	<u>Enterprise</u>
Net Income	\$1,298,284
<u>Increases (Decreases) Due To:</u>	
Revenue Accruals	327,282
Expense Accruals	2,999,824
Depreciation Expense	551,865
Capital Outlay	(1,329,342)
Encumbrances Outstanding	
at Year End (Budget Basis)	(4,328,783)
Operating Transfers	<u>(423,330)</u>
Budget Basis	<u>(\$904,200)</u>

# **CITY OF GAHANNA, OHIO**

## ***Notes to the General Purpose Financial Statements***

***For the Year Ended December 31, 1999***

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### **NOTE 17 - JOINTLY GOVERNED ORGANIZATION**

#### **FRANKLIN COUNTY GENERAL HEALTH DISTRICT**

The Franklin County General Health District, a jointly governed organization, provides health services to citizens within the County. The Board of Health, with representatives from throughout the County, oversees the operation of the District. The City contributed \$127,661 during 1999 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers.

### **NOTE 18 - JOINT OPERATION**

On February 21, 1996, a contract was entered into between the Gahanna Jefferson City School District (District) and the City of Gahanna to construct and operate a vehicle maintenance facility and fueling station. Based on the terms of the agreement, the entities will equally bear the cost related to the construction and maintenance of the facility. In addition, the City will receive a credit of \$93,980 on the construction and maintenance of this facility, representing the fair value of the 4.699 acres of land that the City deeded to the District for this project.

### **NOTE 19 - OPERATING LEASES - LESSOR DISCLOSURE**

The City has entered into a lease for land with the United States Postal Service. The City receives monthly payments in the amount of \$6,750. During 1999, the City received lease payments totaling \$81,000. The City will receive lease payments of \$6,750 a month until the end of the lease in February 2004.

### **NOTE 20 - CONTINGENT LIABILITIES**

#### **A. LITIGATION**

The City of Gahanna is party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. Currently, the City is a defendant in a civil action filed in U.S. District Court concerning fair housing that occurred in March 1997. The City is also a defendant in a civil action filed in the Franklin County Court of Common Pleas concerning compensation for a sewer line installed by the City. The ultimate disposition of these cases, or any other such proceedings, is not presently determinable, but will not, in the opinion of the City Law Director, have a material adverse effect on the financial condition of the City.



**CITY OF GAHANNA, OHIO**

*Notes to the General Purpose Financial Statements*

*For the Year Ended December 31, 1999*

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**NOTE 20 - CONTINGENT LIABILITIES (Continued)**

**B. FEDERAL AND STATE GRANTS**

For the period January 1, 1999, to December 31, 1999, 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.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD  
SUITE B  
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899  
FACSIMILE 614.846.2799

## **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 Council and Mayor  
City of Gahanna  
200 South Hamilton Road  
Gahanna, OH 43230

We have audited the financial statements of the City of Gahanna as of and for the year ended December 31, 1999, and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City of Gahanna's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, which we have reported to management of the City of Gahanna in a separate letter dated June 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Gahanna's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Gahanna in a separate letter dated June 9, 2000.

This report is intended for the information of the City of Gahanna and its management and is not intended to be and should not be used by anyone other than these specified parties.

*Trimble, Julian & Grube, Inc.*

Trimble, Julian & Grube, Inc.  
June 9, 2000



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 GAHANNA

FRANKLIN 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.

By: Susan Babbitt

Date: JUL 27 2000