



**CITY OF DELAWARE  
DELAWARE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**CITY OF DELAWARE  
DELAWARE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

City Council  
City of Delaware  
Delaware County  
1 South Sandusky Street  
Delaware, Ohio 43015

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Delaware, Delaware County, Ohio, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the City restated the January 1, 2000 Capital Projects Fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The accompanying *Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds* replaces the Statement in the City of Delaware report package for the year ended December 31, 2000. The Statement was revised to correct mathematical errors in the Total (Memorandum Only) column.

**JIM PETRO**  
Auditor of State

July 20, 2001, except for paragraphs 4 and 7, which are dated August 29, 2001

**CITY OF DELAWARE  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2000**

	GOVERNMENTAL FUND TYPES				PROPRIETARY		FIDUCIARY		ACCOUNT GROUPS		TOTAL MEMORANDUM ONLY
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	AGENCY	EXPENDABLE TRUST	GENERAL FIXED ASSETS	GENERAL LONG- TERM DEBT	
<b>ASSETS AND OTHER DEBITS</b>											
CASH AND INVESTMENTS	\$1,950,504	\$1,753,211	\$595,319	\$1,869,748	\$11,356,503	\$1,394,097	\$336,648	\$81,560	\$0	\$0	\$19,337,590
NET RECEIVABLES	1,782,384	542,042	0	250	1,192,734	0	0	0	0	0	3,517,410
ACCRUED INTEREST & PREPAID EXPENSES	34,529	9,129	84	42	39,031	0	0	0	0	0	82,815
RESTRICTED ASSETS:											
CASH IN CITY TREASURY	0	0	0	76,729	544,982	0	0	0	0	0	621,711
CASH WITH TRUSTEES	0	0	0	0	499,310	0	0	0	0	0	499,310
ACCRUED INTEREST	0	0	0	1,071	19,557	0	0	0	0	0	20,628
DUE FROM:											
STATE GOVERNMENT	11,614	371,770	0	0	0	0	0	0	0	0	383,384
COUNTY GOVERNMENT	212,376	11,125	0	0	12,600	0	5,250	0	0	0	241,351
FUNDS	632,372	23,535	1,000	0	0	0	0	0	0	0	656,907
INVENTORY	0	16,702	0	0	15,685	7,096	0	0	0	0	39,483
DEFERRED CHARGE	0	0	0	0	89,434	0	0	0	0	0	89,434
NET FIXED ASSETS	0	0	0	0	33,677,660	24,427	0	0	28,601,201	0	62,303,288
AVAILABLE IN DEBT SERVICE FUNDS	0	0	0	0	0	0	0	0	0	595,902	595,902
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM OBLIGATIONS	0	0	0	0	0	0	0	0	0	2,828,935	2,828,935
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$4,623,779</b>	<b>\$2,727,514</b>	<b>\$596,403</b>	<b>\$1,947,840</b>	<b>\$47,447,496</b>	<b>\$1,425,620</b>	<b>\$341,898</b>	<b>\$81,560</b>	<b>\$28,601,201</b>	<b>\$3,424,837</b>	<b>\$91,218,148</b>

See Accompanying Notes to the General Purpose Financial Statements

**Continued**

CITY OF DELAWARE  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2000  
 (Continued)

LIABILITIES, FUND EQUITY, AND OTHER CREDITS	GOVERNMENTAL FUND TYPES				PROPRIETARY		FIDUCIARY		ACCOUNT GROUPS		TOTAL MEMORANDUM ONLY
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	AGENCY	EXPENDABLE TRUST	GENERAL FIXED ASSETS	GENERAL LONG- TERM DEBT	
<b>LIABILITIES</b>											
ACCOUNTS PAYABLE	\$181,616	\$373,014	\$0	\$452,214	\$307,155	\$12,585	\$0	\$37	\$0	\$0	\$1,326,621
CUSTOMER DEPOSITS	0	0	0	0	169,814	0	0	0	0	0	169,814
ACCRUED LIABILITIES	510,973	87,655	0	0	735,986	453,192	0	0	0	3,139,312	4,927,118
ACCRUED INTEREST PAYABLE	0	0	0	0	28,332	0	0	0	0	0	28,332
PAYABLES FROM RESTRICTED ASSETS:											
CONTRACTS PAYABLE	0	0	0	76,729	65,074	0	0	0	0	0	141,803
ACCRUED INTEREST PAYABLE	0	0	0	104,750	4,477	0	0	0	0	0	109,227
DUE TO:											
OTHER FUNDS	0	521,146	501	15,045	1,000	0	119,215	0	0	0	656,907
OTHERS	0	0	0	0	0	0	222,683	0	0	0	222,683
REVENUE BONDS AND LOAN PAYABLE	0	0	0	0	3,875,000	0	0	0	0	0	3,875,000
GENERAL OBLIGATION BONDS PAYABLE	0	0	0	0	27,475	0	0	0	0	285,525	313,000
NOTES PAYABLE	0	0	0	5,450,991	0	0	0	0	0	0	5,450,991
DEFERRED REVENUE	791,120	226,080	0	0	0	0	0	0	0	0	1,017,200
LANDFILL CLOSURE OBLIGATION	0	0	0	0	295,000	0	0	0	0	0	295,000
<b>TOTAL LIABILITIES</b>	<b>1,483,709</b>	<b>1,207,895</b>	<b>501</b>	<b>6,099,729</b>	<b>5,509,313</b>	<b>465,777</b>	<b>341,898</b>	<b>37</b>	<b>0</b>	<b>3,424,837</b>	<b>18,533,696</b>
<b>FUND EQUITY AND OTHER CREDITS</b>											
INVESTMENT IN GENERAL FIXED ASSETS	0	0	0	0	0	0	0	0	28,601,201	0	28,601,201
CONTRIBUTED CAPITAL	0	0	0	0	17,211,981	0	0	0	0	0	17,211,981
RETAINED EARNINGS	0	0	0	0	24,726,202	959,843	0	0	0	0	25,686,045
FUND BALANCES:											
RESERVED FOR ENCUMBRANCES	306,207	502,171	0	364,959	0	0	0	0	0	0	1,173,337
RESERVED FOR PRE-PAID EXPENSES	33,021	2,334	0	0	0	0	0	0	0	0	35,355
RESERVED FOR INVENTORY	0	16,702	0	0	0	0	0	0	0	0	16,702
UNRESERVED	2,800,842	998,412	595,902	(4,516,848)	0	0	0	81,523	0	0	(40,169)
<b>TOTAL RETAINED EARNINGS/FUND BALANCES</b>	<b>3,140,070</b>	<b>1,519,619</b>	<b>595,902</b>	<b>(4,151,889)</b>	<b>24,726,202</b>	<b>959,843</b>	<b>0</b>	<b>81,523</b>	<b>0</b>	<b>0</b>	<b>26,871,270</b>
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>3,140,070</b>	<b>1,519,619</b>	<b>595,902</b>	<b>(4,151,889)</b>	<b>41,938,183</b>	<b>959,843</b>	<b>0</b>	<b>81,523</b>	<b>28,601,201</b>	<b>0</b>	<b>72,684,452</b>
<b>TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>	<b>\$4,623,779</b>	<b>\$2,727,514</b>	<b>\$596,403</b>	<b>\$1,947,840</b>	<b>\$47,447,496</b>	<b>\$1,425,620</b>	<b>\$341,898</b>	<b>\$81,560</b>	<b>\$28,601,201</b>	<b>\$3,424,837</b>	<b>\$91,218,148</b>

See Accompanying Notes to the General Purpose Financial Statements



CITY OF DELAWARE  
DELAWARE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	GOVERNMENTAL FUNDS				FIDUCIARY FUND TYPE	TOTAL MEMORANDUM ONLY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS	
<b>REVENUES:</b>						
INCOME TAXES	\$ 6,313,549	\$ 2,622,079	\$ 0	\$ 0	\$ 0	\$ 8,935,628
PROPERTY AND OTHER TAXES	1,376,208	234,264	0	0	0	1,610,472
INTERGOVERNMENTAL	1,855,371	1,557,314	0	213,888	0	3,626,573
CHARGES FOR SERVICE	434,525	418,287	0	0	0	852,812
FINES AND COURT FEES	1,239,510	395,865	0	0	0	1,635,375
LICENSES AND PERMITS	427,603	0	0	0	0	427,603
INVESTMENT INCOME	487,363	119,585	2,149	66,657	0	675,754
DONATIONS	0	0	0	0	32,446	32,446
DEVELOPERS' FEES	0	0	0	0	3,000	3,000
MISCELLANEOUS	231,335	15,839	97,127	70,155	0	414,456
<b>TOTAL REVENUES</b>	<b>12,365,464</b>	<b>5,363,233</b>	<b>99,276</b>	<b>350,700</b>	<b>35,446</b>	<b>18,214,119</b>
<b>EXPENDITURES:</b>						
CURRENT:						
PUBLIC SAFETY	4,314,133	2,864,238	0	0	27,826	7,206,197
GENERAL GOVERNMENT	4,336,921	16,019	0	0	804	4,353,744
AIRPORT & PUBLIC WORKS	0	2,058,398	0	0	0	2,058,398
RECREATION AND PARKS	0	987,943	0	0	931	988,874
ENGINEERING	0	0	0	0	0	0
PUBLIC HEALTH	0	0	0	0	0	0
CAPITAL OUTLAY	300,926	1,464,866	0	3,354,635	0	5,120,427
DEBT SERVICE:						
PRINCIPAL RETIREMENT	0	0	1,766,000	0	0	1,766,000
PROFESSIONAL SERVICES	0	0	9,365	184,349	0	193,714
INTEREST AND FISCAL CHARGES	0	0	305,338	103,679	0	409,017
<b>TOTAL EXPENDITURES</b>	<b>8,951,980</b>	<b>7,391,464</b>	<b>2,080,703</b>	<b>3,642,663</b>	<b>29,561</b>	<b>22,096,371</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,413,484	(2,028,231)	(1,981,427)	(3,291,963)	5,885	(3,882,252)
OTHER FINANCING SOURCES (USES):						
PROCEEDS FROM BONDS (NET)	0	0	154,525	0	0	154,525
PROCEEDS FROM NOTES	0	0	0	0	0	0
PREMIUM ON NOTES	0	0	12,607	0	0	12,607
SALE OF ASSETS	0	0	0	21,245	0	21,245
OPERATING TRANSFER IN	0	1,869,726	2,406,769	2,509,201	0	6,785,696
OPERATING TRANSFERS OUT	(3,574,726)	(2,168,020)	0	(1,042,950)	0	(6,785,696)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,574,726)</b>	<b>(298,294)</b>	<b>2,573,901</b>	<b>1,487,496</b>	<b>0</b>	<b>188,377</b>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(161,242)	(2,326,525)	592,474	(1,804,467)	5,885	(3,693,875)
<b>RESTATED FUND BALANCES AT BEGINNING OF YEAR</b>	<b>3,301,312</b>	<b>3,846,144</b>	<b>3,428</b>	<b>(2,347,422)</b>	<b>75,638</b>	<b>4,879,100</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 3,140,070</b>	<b>\$ 1,519,619</b>	<b>\$ 595,902</b>	<b>\$ (4,151,889)</b>	<b>\$ 81,523</b>	<b>\$ 1,185,225</b>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF DELAWARE  
DELAWARE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES--BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>									
INCOME TAXES	\$ 6,940,900	\$ 6,490,277	\$ (450,623)	\$ 2,542,500	\$ 2,615,974	\$ 73,474	\$ 0	\$ 0	\$ 0
PROPERTY AND OTHER TAXES	1,271,592	1,376,430	104,838	235,094	234,264	(830)	0	0	0
INTERGOVERNMENTAL	1,505,614	1,732,827	227,213	2,823,296	1,927,757	(895,539)	0	0	0
CHARGES FOR SERVICE	750,500	350,842	(399,658)	924,445	421,135	(503,310)	0	0	0
FINES AND COURT FEES	1,320,000	1,364,826	44,826	0	397,026	397,026	0	0	0
LICENSES AND PERMITS	475,000	427,203	(47,797)	0	0	0	0	0	0
INVESTMENT INCOME	275,000	485,855	210,855	59,000	119,501	60,501	0	2,065	2,065
SPECIAL ASSESSMENT	0	0	0	0	0	0	19,282	18,664	(618)
MISCELLANEOUS	135,000	191,432	56,432	157,787	16,146	(141,641)	0	78,463	78,463
<b>TOTAL REVENUES</b>	<b>12,673,606</b>	<b>12,419,692</b>	<b>(253,914)</b>	<b>6,742,122</b>	<b>5,731,803</b>	<b>(1,010,319)</b>	<b>19,282</b>	<b>99,192</b>	<b>79,910</b>
<b>EXPENDITURES:</b>									
CURRENT:									
PUBLIC SAFETY	7,503,686	7,148,390	355,296	73,000	3,263	69,737	0	0	0
GENERAL GOVERNMENT	5,903,486	5,098,083	805,403	0	0	0	5,000	0	5,000
AIRPORT & PUBLIC WORKS	0	0	0	2,110,692	1,799,493	311,199	0	0	0
RECREATION AND PARKS	0	0	0	1,106,055	1,007,240	98,815	0	0	0
INCOME TAX REFUNDS	202,000	181,413	20,587	0	0	0	0	0	0
ENGINEERING	0	0	0	0	0	0	0	0	0
PUBLIC HEALTH	0	0	0	111,177	(2,610)	113,787	0	0	0
CAPITAL OUTLAY	415,084	324,831	90,253	3,024,585	1,625,142	1,399,443	0	0	0
DEBT SERVICE:									
PRINCIPAL RETIREMENT	0	0	0	0	0	0	10,825,000	10,755,000	70,000
INTEREST AND FISCAL CHARGES	0	0	0	0	0	0	473,142	314,703	158,439
SPECIAL ASSESSMENT RETIREMENT	0	0	0	0	0	0	19,165	11,000	8,165
<b>TOTAL EXPENDITURES</b>	<b>14,024,256</b>	<b>12,752,717</b>	<b>1,271,539</b>	<b>6,425,509</b>	<b>4,432,528</b>	<b>1,992,981</b>	<b>11,322,307</b>	<b>11,080,703</b>	<b>241,604</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,350,650)	(333,025)	1,017,625	316,613	1,299,275	982,662	(11,303,025)	(10,981,511)	321,514
<b>OTHER FINANCING SOURCES (USES):</b>									
PROCEEDS OF NOTE ISSUANCE	0	0	0	0	0	0	0	8,817,607	8,817,607
PROCEEDS OF BOND ISSUANCE	0	0	0	0	0	0	4,340,000	154,525	(4,185,475)
SALE OF ASSETS	0	0	0	0	0	0	0	0	0
OPERATING TRANSFER IN	3,839,859	3,670,237	(169,622)	1,900,000	2,126,726	226,726	2,145,093	2,406,769	261,676
OPERATING TRANSFERS OUT	(3,802,726)	(3,782,726)	20,000	(5,495,399)	(5,425,257)	70,142	0	0	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>37,133</b>	<b>(112,489)</b>	<b>(149,622)</b>	<b>(3,595,399)</b>	<b>(3,298,531)</b>	<b>296,868</b>	<b>6,485,093</b>	<b>11,378,901</b>	<b>4,893,808</b>
EXCESS (DEFICIENCY) OF REVENUES AND AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,313,517)	(445,514)	868,003	(3,278,786)	(1,999,256)	1,279,530	(4,817,932)	397,390	5,215,322
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>\$ 1,951,284</b>	<b>\$ 1,951,284</b>	<b>\$ 0</b>	<b>\$ 2,889,076</b>	<b>\$ 2,889,076</b>	<b>\$ 0</b>	<b>\$ 2,428</b>	<b>\$ 2,428</b>	<b>\$ 0</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 637,767</b>	<b>\$ 1,505,770</b>	<b>\$ 868,003</b>	<b>\$ (389,710)</b>	<b>\$ 889,820</b>	<b>\$ 1,279,530</b>	<b>\$ (4,815,504)</b>	<b>\$ 399,818</b>	<b>\$ 5,215,322</b>

See Accompanying Notes to the General Purpose Financial Statements

CITY OF DELAWARE  
DELAWARE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES--BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

	CAPITAL PROJECTS FUNDS			TOTAL (MEMORANDUM ONLY)		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>						
INCOME TAXES	\$ 0	\$ 0	\$ 0	\$ 9,483,400	\$ 9,106,251	\$ (377,149)
PROPERTY AND OTHER TAXES	0	0	0	1,506,686	1,610,694	104,008
INTERGOVERNMENTAL CHARGES FOR SERVICE	1,413,550	513,628	(899,922)	5,742,460	4,174,212	(1,568,248)
FINES AND COURT FEES	0	0	0	1,674,945	771,977	(902,968)
LICENSES AND PERMITS	0	0	0	1,320,000	1,761,852	441,852
INVESTMENT INCOME	1,000	57,507	56,507	475,000	427,203	(47,797)
SPECIAL ASSESSMENT	0	0	0	335,000	664,928	329,928
MISCELLANEOUS	5,000	69,905	64,905	19,282	18,664	(618)
				297,787	355,946	58,159
<b>TOTAL REVENUES</b>	<b>1,419,550</b>	<b>641,040</b>	<b>(778,510)</b>	<b>20,854,560</b>	<b>18,891,727</b>	<b>(1,962,833)</b>
<b>EXPENDITURES:</b>						
CURRENT:						
PUBLIC SAFETY	0	0	0	7,576,686	7,151,653	425,033
GENERAL GOVERNMENT	293,015	185,234	107,781	6,201,501	5,283,317	918,184
AIRPORT & PUBLIC WORKS	0	0	0	2,110,692	1,799,493	311,199
RECREATION AND PARKS	0	0	0	1,106,055	1,007,240	98,815
INCOME TAX REFUNDS	0	0	0	202,000	181,413	20,587
ENGINEERING	0	0	0	0	0	0
PUBLIC HEALTH	0	0	0	111,177	(2,610)	113,787
CAPITAL OUTLAY	7,069,555	2,148,892	4,920,663	10,509,224	4,098,865	6,410,359
DEBT SERVICE:						
PRINCIPAL RETIREMENT	0	0	0	10,825,000	10,755,000	70,000
INTEREST AND FISCAL CHARGES	0	0	0	473,142	314,703	158,439
SPECIAL ASSESSMENT RETIREMENT	0	0	0	19,165	11,000	8,165
<b>TOTAL EXPENDITURES</b>	<b>7,362,570</b>	<b>2,334,126</b>	<b>5,028,444</b>	<b>39,134,642</b>	<b>30,600,074</b>	<b>8,534,568</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,943,020)	(1,693,086)	4,249,934	(18,280,082)	(11,708,347)	6,571,735
<b>OTHER FINANCING SOURCES (USES):</b>						
PROCEEDS OF NOTE ISSUANCE	0	1,145,991	1,145,991	0	9,963,598	9,963,598
PROCEEDS OF BOND ISSUANCE	0	0	0	4,340,000	154,525	(4,185,475)
SALE OF ASSETS	75,000	21,245	(53,755)	75,000	21,245	(53,755)
OPERATING TRANSFER IN	2,340,205	2,509,201	168,996	10,225,157	10,712,933	487,776
OPERATING TRANSFERS OUT	(513,168)	(1,042,950)	(529,782)	(9,811,293)	(10,250,933)	(439,640)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,902,037</b>	<b>2,633,487</b>	<b>731,450</b>	<b>4,828,864</b>	<b>10,601,368</b>	<b>5,772,504</b>
EXCESS (DEFICIENCY) OF REVENUES AND AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(4,040,983)	940,401	4,981,384	(13,451,218)	(1,106,979)	12,344,239
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>\$292,129</b>	<b>\$292,129</b>	<b>\$0</b>	<b>\$5,134,917</b>	<b>\$5,134,917</b>	<b>\$0</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ (3,748,854)</b>	<b>\$ 1,232,530</b>	<b>\$ 4,981,384</b>	<b>\$ (8,316,301)</b>	<b>\$ 4,027,938</b>	<b>\$ 12,344,239</b>

See Accompanying Notes to the General Purpose Financial Statements

**CITY OF DELAWARE  
DELAWARE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN RETAINED EARNINGS--ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>PROPRIETARY FUND TYPES</b>		<b>TOTAL MEMORANDUM ONLY</b>
	<b>ENTERPRISE</b>	<b>INTERNAL SERVICE</b>	
<b>OPERATING REVENUES:</b>			
CHARGES FOR SERVICES	\$8,158,359	\$2,215,935	\$10,374,294
INTERGOVERNMENTAL	12,600	0	12,600
<b>TOTAL REVENUE</b>	<b>8,170,959</b>	<b>2,215,935</b>	<b>10,386,894</b>
<b>OPERATING EXPENSES:</b>			
PERSONAL SERVICES	2,444,048	147,655	2,591,703
COST OF SERVICES	864,000	0	864,000
DEPRECIATION	1,521,685	6,474	1,528,159
CONTRACTUAL SERVICES	1,923,872	1,794,624	3,718,496
MATERIALS AND SUPPLIES	1,165,791	290,113	1,455,904
<b>TOTAL OPERATING EXPENSES</b>	<b>7,919,396</b>	<b>2,238,866</b>	<b>10,158,262</b>
<b>OPERATING INCOME (LOSS)</b>	<b>251,563</b>	<b>(22,931)</b>	<b>228,632</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
INTEREST INCOME	678,777	0	678,777
INTEREST EXPENSE	(234,602)	0	(234,602)
GAIN/(LOSS) ON DISPOSITION OF FIXED ASSETS	(23,756)	(520)	(24,276)
OTHER	88,825	(23,035)	65,790
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<b>509,244</b>	<b>(23,555)</b>	<b>485,689</b>
<b>INCOME (LOSS)</b>	<b>760,807</b>	<b>(46,486)</b>	<b>714,321</b>
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	583,451	0	583,451
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<b>1,344,258</b>	<b>(46,486)</b>	<b>1,297,772</b>
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<b>23,381,944</b>	<b>1,006,329</b>	<b>24,388,273</b>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<b>\$24,726,202</b>	<b>\$959,843</b>	<b>\$25,686,045</b>

See Accompanying Notes to the General Purpose Financial Statements

**CITY OF DELAWARE  
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>ENTERPRISE</b>	<b>INTERNAL SERVICE</b>	<b>TOTAL MEMORANDUM ONLY</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
OPERATING INCOME	\$ 251,563	\$ (22,931)	\$ 228,632
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
DEPRECIATION	1,521,685	6,474	1,528,159
CHANGES IN ASSETS AND LIABILITIES:			
INCREASE IN ACCOUNTS RECEIVABLE	(248,304)	0	(248,304)
INCREASE IN PREPAID ASSETS	(2,497)	0	(2,497)
INCREASE IN INVENTORY	(832)	0	(832)
DECREASE IN DUE FROM OTHER GOVERNMENTS	687,400	0	687,400
INCREASE IN INTEREST RECEIVABLE	(16,398)	0	(16,398)
DECREASE IN DEFERRED CHARGE	8,130	0	8,130
DECREASE IN ACCOUNTS PAYABLE	(54,128)	81	(54,047)
DECREASE IN INTEREST PAYABLE	(1,412)	0	(1,412)
INCREASE IN CUSTOMER DEPOSITS	4,314	0	4,314
INCREASE IN ACCRUED LIABILITIES	41,326	71,062	112,388
DECREASE IN DUE TO OTHER	(179)	0	(179)
DECREASE IN LANDFILL POSTCLOSURE OBLIGATION	(5,000)	0	(5,000)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,185,668</b>	<b>54,686</b>	<b>2,240,354</b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(819,514)	(2,231)	(821,745)
OTHER	88,825	(23,035)	65,790
INTEREST PAID	(234,602)	0	(234,602)
PRINCIPAL PAYMENTS ON BONDS, NOTES, LOANS	(225,000)	0	(225,000)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,190,291)</b>	<b>(25,266)</b>	<b>(1,215,557)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
INTEREST RECEIVED	678,777	0	678,777
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,674,154	29,420	1,703,574
<b>CASH AND CASH EQUIVALENTS BEGINING OF YEAR</b>	<b>10,726,641</b>	<b>1,364,677</b>	<b>12,091,318</b>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ 12,400,795</b>	<b>\$ 1,394,097</b>	<b>\$ 13,794,892</b>

See Accompanying Notes to the General Purpose Financial Statements

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**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Delaware, Ohio (the "City") is an incorporated municipality under the laws of the state of Ohio. Its charter was adopted November 6, 1951, and established the Council/Manager form of government. The City presently provides the following services as authorized by its charter: public safety, airport and public works, recreation and parks, engineering, public health and water and sewer enterprise activities.

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

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are fairly presented and complete. The primary government consists of all funds, departments, boards and commissions that are not legally separate from the City.

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

The Delaware Municipal Court's (the "Court") activities are included within these general-purpose financial statements as required by Governmental Accounting Standard No. 14, *The Financial Reporting Entity*. The City includes the Court's cash balance and liability to others within its agency funds, and the City's share of Court fines collected and operating expenditures in the General Fund. The Court serves as the Court of record and has jurisdiction within Delaware County. The City is responsible for financing Court operations and has recorded Court operating expenditures in the General Fund. The City, however, has no ability to select or influence Court management and cannot dictate budget and other fiscal matters. The Court is presided over by a separately elected judge who has the authority to select and appoint all officials of the Court and to direct the Court's activity.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting**

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

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. 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 various funds are summarized by type in the general-purpose financial statements. The City uses the following fund types and account groups:

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions are typically financed. The acquisition, use, and balances of the City's expendable financial resources and related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position. 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 fund balance of the General Fund is available to the City for any purpose provided it is expended or transferred according to the City's Charter and Code and the general laws and regulations of the State of Ohio.

**Special Revenue Funds**

Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other sources (other than those 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 or state statutes.

**Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.



**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

**Governmental Fund Types (Continued)**

**Capital Project Funds**

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

**Proprietary Fund Types:**

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

**Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is for user charges to finance services provided to the general public on a continuing basis.

**Internal Service Funds**

Internal Service Funds are used to account for the financing of goods or services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

**Fiduciary Fund Types:**

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 governments, and other funds.

**Agency Funds**

Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Expendable Trust Funds**

Expendable Trust Funds are accounted for and reported as Governmental Funds.

**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:

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

**Account Groups (Continued)**

**General Fixed Assets Account Group**

This Account Group reflects the costs of fixed assets of the City 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**

This Account Group reflects all un-matured long-term indebtedness of the City that is not a specific liability of a Proprietary or Trust Fund.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust 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 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 Governmental Funds, Expendable Trust and Agency Funds follow the modified accrual basis of accounting. Under this method of accounting, the City recognized 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 two months 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 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: interest earnings, income tax withholdings, hotel taxes, rents, billings for services and materials, and certain intergovernmental revenues.

Fines and miscellaneous revenues are recorded as revenue when received because they are not measurable and available until received.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when 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 and revenue is recognized. Property taxes measurable as of December 31, 2000, but which are not intended to finance 2000 operations, are recorded as deferred revenues.

The accrual basis of accounting is used for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recorded at the time liabilities are incurred. Unbilled service charges are recognized as revenue at year-end.

**D. Budgets and Budgetary Accounting**

The City's budget is adopted and modified as follows:

1. Prior to November 15, the City Manager submits to City Council an estimate of the expenditures necessary to conduct the affairs of the City for the fiscal year commencing the following January 1.
2. Budget estimates are distributed throughout the City (including newspapers and libraries), and public hearings are held to obtain taxpayers' comments.
3. Prior to January 1 and after publication of the proposed budget ordinances, the budget is legally enacted by ordinance.
4. Supplemental appropriations and transfers of appropriations between funds and departments must be approved by City Council.
5. Expenditures cannot legally exceed appropriations at the department level. Unencumbered appropriations lapse at year-end, and encumbered appropriations are reported as expenditures in the current year.

The City Manager estimates the budgeted revenues presented in the combined statement of revenues, expenditures and changes in fund balances—budget and actual, in conjunction with the annual budgeting process. However, this estimate is not included or required in the budget ordinance.

The City's budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (GAAP). To provide a meaningful comparison of results with the budget, the results of operations are presented in the combined statements of revenues, expenditures and changes in fund balances—budget and actual—all governmental fund types on the budgetary basis.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgets and Budgetary Accounting (Continued)**

The major differences between the budget basis and the GAAP basis are as follows:

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrance accounting is employed in the Governmental Funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances in the Governmental Funds since they are neither expenditures nor liabilities.

**E. Cash and Cash Equivalents**

Cash received by the City is deposited in a central bank account. Monies for all funds, except cash held by a trustee, fiscal agent, or Municipal Court, are maintained in the account or temporarily used to purchase investments. Individual fund integrity is maintained through City records. Each fund's interest in the pool of cash and investments is presented as "Cash and Cash Equivalents" on the combined balance sheet.

During the year, investments were limited to government securities and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments of 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, 2000.

**F. Materials and Supplies Inventory**

Inventory is valued at cost on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the fund when purchased.

**G. Restricted Assets**

Restricted assets represent certain resources which are segregated from other resources of the City to comply with various covenants established by bond and other long-term financing agreements. These assets are generally held by a trustee or the City. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific uses.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fixed Assets**

Fixed assets purchased for general governmental purposes are recorded as expenditures in the Governmental Funds and capitalized at cost (or estimated historical cost) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the time received. Fixed assets consisting of certain improvements other than buildings—including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems—have not been capitalized. These assets normally are immovable and of value only to the City. Therefore, stewardship for capital expenditures can be satisfied without recording these assets. Fixed assets associated with the City's enterprise and internal service fund type activities are accounted for in their respective funds. Property and equipment acquired by the Proprietary Funds are stated at cost (or estimated historical cost), including interest capitalized during construction where applicable. The original cost of the water and sewer distribution systems was not available. Accordingly, such costs were estimated using standard industry assumptions as determined by an outside consultant. Contributed fixed assets are recorded at fair market value at the time received.

*Depreciation:* Depreciation is an element of expense resulting from the use of long-lived assets. It is measured by allocating the expected net cost of using the asset over its estimated useful life in a systematic and rational manner. No depreciation has been provided on general fixed assets. In proprietary funds, depreciation is recorded annually as an element in the determination of net income and is recorded annually as an expense. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	Useful life
Vehicles (autos and trucks)	5 - 8
Machinery, equipment, furniture, & fixtures	10-25
Buildings	25
Sewers and water mains	25 - 100

*Capitalization of Interest:* Capitalized interest has not been recorded.

**I. Contributed Capital**

Contributed capital represents donations by developers, grants restricted for capital construction, and contributions made by the City. These assets are recorded at their market value on the date contributed.

**J. 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.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences (Continued)**

The liability is based on the sick leave accumulated at December 31, by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The amount is based on the 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 City's liability for unpaid accumulated sick leave and vacation time is the amount to be paid using expendable available financial resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the general long-term obligations account group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.

**K. Memorandum Only - Total Columns on Combined Financial Statements**

Total columns on the combined financial 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 changes in financial position in conformity with GAAP. Nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. PRIOR YEAR RESTATEMENT**

The City adjusted the beginning fund balance in the Capital Projects fund to properly present the City's short-term notes payable. The restatement is as follows:

	<b>Amount at 12/31/99</b>	<b>Restated Amount</b>
Capital Projects	\$2,152,578	(\$2,347,422)

**3. COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficits**

At December 31, 2000, the following funds had a deficit fund balance:

Special Assessment Bond Retirement	\$ (501)
FAA Airport Grant	(15,044)
Downtown Streetscape	(3,201,558)
Airport Improvement Construction	(1,053,077)

The fund deficit in the Special Assessment Retirement Fund was caused by the delay in receiving an assessment payment. The money was advanced from the General Fund to cover the expenditure. The fund deficit in the FAA Airport Grant was due to a delay in receiving reimbursement on a grant. Again, the expenditure was covered by the General Fund.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**3. COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Fund Deficits (Continued)**

The Downtown Streetscape and Airport Improvement Construction deficits were caused by applying generally accepted accounting principles. These funds are responsible for the short-term notes issued for these projects. The General Fund is not liable for any deficits when accruals occur.

**4. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), 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 Revenue, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types is 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) Encumbrances are recorded as the equivalent of an expenditure (budget basis) in order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation as opposed to a reservation of fund balance for governmental funds (GAAP basis); and,
- (d) Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

**Excess of Revenues and Other Financing Sources  
Over Expenditures and Other Financing Uses  
All Governmental Fund Types**

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis Excess	\$ (161,242)	\$ (2,326,525)	\$ 592,474	\$ (1,804,467)
Revenue Accruals	54,228	368,571	(84)	(3,063,669)
Expenditure Accruals	(75,237)	81,629	(195,000)	5,037,090
Encumbrances	(55,263)	69,069	0	771,447
GAAP Transfers	(208,000)	(192,000)	0	0
Budget Basis Excess	<u>\$ (445,514)</u>	<u>\$ (1,999,256)</u>	<u>\$ 397,390</u>	<u>\$ 940,401</u>

**5. DEPOSITS AND INVESTMENTS**

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

1. 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.
2. Inactive deposits are public deposits that Council has identified as not required for use within current two-year period 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.
3. Interim deposits are deposits of interim monies. Interim monies are those monies that 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;



**CITY OF DELAWARE  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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 December 31, 2000, the carrying amount of the City's deposits was \$1,017,666, and the bank balance was \$1,462,618. Of the bank balance, \$372,618 was covered by collateral held in the pledging banks' trust department in the City's name and \$1,090,000 was covered by public deposit collateral pools and not held in the City's name.

*Restricted Assets:* The City is holding \$621,711 in restricted assets in the City Treasury. These assets are restricted by debt agreements (see Note 10) or other construction contracts. A Trustee is holding \$499,310 on behalf of the City (see Note 10). Accrued interest relating to these restricted assets is \$20,628.

**CITY OF DELAWARE  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

*GASB Statement No. 3 "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements"* requires that the local government 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 investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name or (3) uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

	Category			Fair Value
	1	2	3	
NCC Trust	\$ 0	\$ 0	\$ 505,506	\$ 505,506
DCB Repurchase Acct	0	0	1,090,000	1,090,000
DCB Sweep Account	0	17,068	0	17,068
Total	\$ 0	\$ 17,068	\$1,595,506	\$ 1,612,574
STAR Ohio				19,335,950
Total Investments				\$ 20,948,524

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

**6. INCOME TAX**

The City collects an income tax of one and four-tenths percent of Delaware taxable income, defined as gross wages and salaries before any deductions and profits. Filing is mandatory for all residents. Employers within the City are required to withhold tax on all employees working in the City and remit those monies on either a quarterly or monthly schedule. Employers are required to reconcile those withholdings on an annual basis.

**7. PROPERTY TAX**

Property taxes include amounts levied against real, public utility and tangible (used in business) property located in the City. Real property taxes collected during 2000 had lien and levy dates of January 1, 1999. One half of this tax was due February 10, 2000, with the remaining balance due on July 10, 2000. Tangible personal property taxes had lien and levy dates of January 1, 2000. This tax was due on April 30, 2000.

Assessed values on real property are established by state law at 35 percent of appraised market value. A re-evaluation of all property is required to be completed no less than every six years. The last re-evaluation was completed in 1996. Tangible personal property assessments are 25 percent of true value (true values are based on cost and established by the state of Ohio). The assessed value in 1999, upon which the 2000 levy was based, was approximately \$436 million. The assessed value for 2000, upon which the 2001 levy will be based, is approximately \$466 million.

**CITY OF DELAWARE  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**7. PROPERTY TAX (Continued)**

Ohio law prohibits taxation of property from all taxing authorities in excess of 1 percent of assessed value without a vote of the people. Under current procedures, the City's share is .30 percent (3.04 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Delaware, Ohio. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes may be paid on either an annual or semiannual basis.

**8. RECEIVABLES**

Receivables at December 31, 2000, consisted of taxes, accounts (billings for user charged services including unbilled utility services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered fully collectible except accounts receivable related to utility services.

A summary of accounts related to utility services is as follows:

	Water	Sewer	Other	Total
Gross receivable	\$ 542,780	\$ 527,553	\$ 187,142	\$ 1,257,475
Less: Allowance for Uncollectible	(24,964)	(26,092)	(13,685)	(64,741)
Net Receivable	<u>\$ 517,816</u>	<u>\$ 501,461</u>	<u>\$ 173,457</u>	<u>\$ 1,192,734</u>

A summary of the principal items of intergovernmental receivables were as follows:

	General Fund	Special Revenue	Enterprise	Total
<i>State Government</i>				
License Fee and Gas Tax	-	\$ 61,109	-	\$ 61,109
Ohio Public Works Commission-Issue II		310,661		310,661
Local Government Funds	11,614	-	-	11,614
<b>Total State Government</b>	11,614	371,770	0	383,384
<i>Local Government</i>				
Delaware County	121,095	-	-	121,095
Local Government Funds	91,281	-	-	91,281
License Fee and Gas Tax	-	10,529	-	10,529
DKMM Solid Waste Distr.	-	-	12,600	12,600
Municipal Court	95,680	24,131	-	119,811
<b>Total Local Government</b>	<u>308,056</u>	<u>34,660</u>	<u>12,600</u>	<u>355,316</u>
<b>Total</b>	<u>\$ 319,670</u>	<u>\$ 406,430</u>	<u>\$ 12,600</u>	<u>\$ 738,700</u>

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**9. INTERFUND BALANCES**

Interfund balances at December 31, 2000 consist of the following:

Fund Type - Fund	Due From Other Funds	Due To Other Funds
General	\$ 632,372	
Special Revenue		
Fire/EMS income tax		313,146
OMVI	75	
Computer Research	8,355	
Special Projects	14,810	
Indigent EMHA	185	
Probation Services	110	
Storm Sewer Fund		208,000
Total Special Revenue	23,535	521,146
Debt Service		
General Debt Service Fund	1,000	
Special Assessments		501
Total Debt Service	1,000	501
Capital Projects		
Federal Aviation Administration Airport Expansion		15,045
Total Capital Projects	0	15,045
Enterprise Fund		
Sewer Fund	0	1,000
Agency		
Municipal Court	0	119,215
Total - All Funds	<u>\$ 656,907</u>	<u>\$ 656,907</u>

**10. FIXED ASSETS**

**General Fixed Assets:** Changes in general fixed assets during 2000 were as follows:

Classification	Balance 12/31/99	Additions	Deletions	Balance 12/31/00
Land	\$1,090,061	\$0	\$0	\$ 1,090,061
Buildings and Improvements	12,448,768	7,540,416	(22,250)	19,966,934
Machinery and equipment	6,761,325	1,372,543	(589,662)	7,544,206
Construction in Progress	7,363,572	160,247	(7,523,819)	0
Total	<u>\$ 27,663,726</u>	<u>\$ 9,073,206</u>	<u>\$(8,135,731)</u>	<u>\$ 28,601,201</u>

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**10. FIXED ASSETS (Continued)**

**Proprietary Fund Fixed Assets:** A summary of the Proprietary fixed assets as of December 31, 2000, is as follows:

Classification	Enterprise				Internal Service
	Water	Sewer	Other	Total	Total
Land	\$ 445,462	\$ 2,500	\$ 442,649	\$ 890,611	\$ 0
Buildings	5,618,066	11,181,072	20,919	16,820,057	0
Improvements	12,693,082	19,317,328	0	32,010,410	0
Machinery and equipment	1,099,847	1,548,600	1,396,289	4,044,736	59,248
Construction in progress	890,168	91,487	0	981,655	0
Total Gross Fixed Assets	20,746,625	32,140,987	1,859,857	54,747,469	59,248
Less Accumulated Depreciation	(7,543,904)	(12,685,485)	(840,420)	(21,069,809)	(34,821)
Net Fixed Assets	<u>\$ 13,202,721</u>	<u>\$19,455,502</u>	<u>\$ 1,019,437</u>	<u>\$3,677,660</u>	<u>\$ 24,427</u>

Construction in progress of the Water fund consists primarily of \$800,000 expended to install ground wells at the treatment plant. Construction in progress of the Sewer fund consists primarily of \$79,000 for US 23 sewer rehabilitation.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**11. GENERAL LONG TERM OBLIGATIONS AND NOTES PAYABLE**

A summary of long-term obligations and notes payable for the year ended December 31, 2000, is as follows:

Fund Type/Account Group	Balance 12/31/99	Additions	Deletions	Balance 12/31/00
<b>General Long-Term Obligations</b>				
<b>General Obligation Bonds</b>	\$ 1,897,000	\$ 154,525	\$1,766,000	\$ 285,525
<b>Accrued Liabilities:</b>				
Compensated absences	1,873,321	471,074	149,722	2,194,673
Past service pension obligation for police and firemen	349,581	0	4,356	345,225
Pension buyout obligation for PERS	346,710	252,704	0	599,414
<i>Total Accrued Liabilities</i>	<u>2,569,612</u>	<u>723,778</u>	<u>154,078</u>	<u>3,139,312</u>
<i>Total General Long Term Obligations</i>	<u>4,466,612</u>	<u>878,303</u>	<u>1,920,078</u>	<u>3,424,837</u>
<b>Enterprise Fund Obligations</b>				
Water General Obligation Bonds	0	27,475	0	27,475
Sewer Mortgage Revenue Bonds	4,100,000	0	225,000	3,875,000
<i>Total Enterprise Fund Obligations</i>	<u>4,100,000</u>	<u>27,475</u>	<u>225,000</u>	<u>3,902,475</u>
 Total All Long Term Obligations	 <u>\$ 8,566,612</u>	 <u>\$ 905,778</u>	 <u>\$2,145,078</u>	 <u>\$ 7,327,312</u>
 Notes Payable				
Fire Station	\$ 1,105,000	\$ 0	\$1,105,000	\$ 0
Downtown Streetscape	1,000,000	0	1,000,000	0
Downtown Streetscape	2,395,000	0	2,395,000	0
Various Facility Notes Series		4,500,000	4,500,000	0
Various Facility Notes Series	0	4,305,000	0	4,305,000
Airport Hangar Construction	0	1,145,991	0	1,145,991
<i>Total Notes Payable</i>	<u>\$ 4,500,000</u>	<u>\$9,950,991</u>	<u>\$9,000,000</u>	<u>\$ 5,450,991</u>

**General Obligation Bonds:** General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**11. GENERAL LONG TERM OBLIGATIONS AND NOTES PAYABLE (Continued)**

**Sewer Mortgage Revenue Bonds:** In conjunction with the issuance of the Sewer Mortgage Revenue Bonds, the City entered into a trust agreement with a commercial bank. The trust agreement requires the City to hold restricted assets for cost of constructing and replacing property and equipment and repaying debt. Restricted assets relating to the Sewer Mortgage Revenue Bonds consisted of the following at December 31, 2000:

Restricted assets held by the City:		
Replacement and Improvement Fund	\$ 480,000	
Total held by the City	480,000	
Restricted assets held by the trustee:		
Bond Reserve Fund	461,015	
Bond Principal/Interest Fund	38,295	
Total held by the Trustee	499,310	
Accrued Interest Receivable on investments held by the Trustee	6,196	
Total Restricted Assets	<u>\$ 985,506</u>	

In addition, the Indentures of Mortgage for the Sewer Fund require the City to pledge net revenues (defined in the agreement as revenues less operating and maintenance expenses) and restricted assets of the Sewer Fund for the payment of principal and interest on the bonds when due. Additionally, the Indenture of Mortgage for the Sewer Fund requires the City to pledge fixed assets of the Sewer Fund as collateral for the payment of principal and interest. Pursuant to these pledges, substantially all retained earnings of the Sewer Fund are restricted.

The Indentures of Mortgage for the Sewer Fund require the City to charge rates for utility service which would produce net income (as defined by the agreement) sufficient to service the Sewer Mortgage Revenue Bond. In the opinion of management, the City has complied with all Revenue Bond covenants.

**Compensated Absences:** Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately.

**Future Debt Service Requirements:** The principal and interest requirements to retire long-term debt obligations outstanding at December 31, 2000 are:

Year	General Long-Term Obligations	Enterprise Fund Obligations
2001	39,841	463,152
2002	40,338	460,965
2003	39,726	463,004
2004	40,913	464,130
2005	41,091	464,002
2006 - 2012	179,075	3,236,159
Total	<u>\$ 380,984</u>	<u>\$ 5,551,412</u>

**CITY OF DELAWARE  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**11. GENERAL LONG TERM OBLIGATIONS AND NOTES PAYABLE (Continued)**

The Ohio Revised Code (ORC) provides that the net general obligation debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2000, the City's total net debt and unvoted net debt were approximately 2.85% of the total assessed value of all property within the City.

As of December 31, 2000, the City had no debt approved by the voters or Council which had not been issued.

The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with Delaware County and the Delaware City School District. As of December 31, 2000, these entities have complied with the requirement that overlapping debt must not exceed 1% (10 mills) of the assessed property value.

Notes Payable: During 2000, the City issued Various Facility Notes - Series I and used the proceeds to retire the Fire Substation and Streetscape notes that were outstanding as of December 31, 1999. The City also subsequently issued Various Facility Notes - Series II during 2000 and used the proceeds to retire the Various Facility Note - Series I that were issued earlier in 2000. The City also issued the Airport Hangar Construction Notes during 2000. The Various Facility Notes - Series II and the Airport Hangar Constructions notes will mature during 2001.

**12. LANDFILL CLOSURES**

The City closed the Cherry Street Landfill [CSL] in 1975 and the Curve Road Landfill [CRL] in 1990. The City properly notified the Ohio Environmental Protection Agency for both closings. Both landfills were at 100% capacity and postclosure costs reflect estimates to monitor the landfills, as required by Ohio Administrative Code §3745-27, through the year 2020. The City awarded contracts to URS Greiner Corporation for monitoring and testing the CSL and to Burgess & Niple for monitoring and testing the CRL. No assets are restricted for payment of postclosure care costs and these costs are subject to changes related to the effects of inflation, revision of laws and other variables. The costs for monitoring and testing the landfills will be expended from the Refuse fund.

**13. CONTRIBUTED CAPITAL**

Fixed assets acquired from grants, donations, and/or entitlements are recorded as contributed capital. A summary of the changes in the contributed capital follows:

Fund	Balance 12/31/99	Additions	Deletions	Balance 12/31/00
Water	\$ 4,279,969	959,392	96,521	5,142,840
Sewer	10,479,065	1,892,743	464,225	11,907,583
Other Enterprise	184,263	0	22,705	161,558
Total	<u>\$ 14,943,297</u>	<u>\$ 2,852,135</u>	<u>\$ 583,451</u>	<u>\$ 17,211,981</u>



**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**14. DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

The City of Delaware 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 retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute according to Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. 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. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for local government divisions and 6% for law enforcement divisions. The 2000 employer contribution rate for the City was 10.84% of covered payroll. For law enforcement, the employer rate was 15.7% of covered payroll. The contribution rates are determined actuarially. The City's contributions to PERS, including employee and employer amount paid by the City, for the years ended December 31, 2000, 1999, and 1998 were \$1,301,466, \$1,239,552, and \$1,181,482, respectively. The full amount has been contributed for 2000, 1999, and 1998.

**B. Police and Firemen's Disability and Pension Fund**

The City of Delaware 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 statements and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and Firefighter's are required to contribute 10% of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24 percent for firefighters. The City pays the entire 10% employee share for all police and firefighters. The City pays 8.5% of the 10% required employee contribution for police and fire management. Contributions are authorized by State statute. The City's contributions to the Fund, including employee and employer amounts paid by the City, for the years ended December 31, 2000, 1999, and 1998 amount has been contributed for 2000, 1999, and 1998.

In addition to the current contribution, the City pays semiannual installments to the Fund for its portion of past service costs determined at the time the Fund was established. All payments to date have been budgeted and paid from the General Fund. Payment from the General Fund is financed through an operating transfer from the Special Revenue Fund. The Special Revenue Fund receives property tax revenues equal to .6 mills, which are designated for the payment of pension liabilities. The unpaid balance of \$345,225 is included in the General Long-Term Obligations Account Group and is to be amortized through 2035.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**15. POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement Systems (PERS)**

The Public Employees Retirement System of Ohio (PERS) provides post-retirement 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 Post-employment Benefit (OPEB) as described in *GASB Statement No. 12*. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion that used to fund health care for 2000. The law enforcement employer rate was 15.7 percent and 4.3 percent was used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to PERS. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience [actuarial gains and losses] becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75%, compounded annually, is the base portion of the individual pay increase assumption.

This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants at December 31, 2000 was 401,339. During 2000, the portion of the City's contributions that were used to fund post-employment benefits was \$259,078. As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were \$10,805,500,000. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473,600,000 and \$1,668,100,000, respectively.

The Retirement Board initiated significant policy changes during 2000. The Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for the City's government division employees and 6% for law enforcement division employees. The Board reallocated employer contributions from 4.2% to 4.3% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

**CITY OF DELAWARE  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**15. POSTEMPLOYMENT BENEFITS (Continued)**

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

The Ohio Police and Fire Pension Fund (the "Fund") provides post-retirement 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 Post-employment Benefit 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 costs paid from the funds of the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. The total police employer contribution is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24% of covered payroll.

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

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 1999 and 2000, respectively. The allocation is 7.5% in 2001. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants to receive health care benefits as of December 31, 1999, the latest actuarial valuation available, was 12,467 for Police and 9,807 for firefighters. The City's actual contributions for 2000 that were used to fund post-employment benefits were \$126,389 for police and \$125,754 for firefighters. The Fund's total health care expenses for the year ending December 31, 1999, were \$95,004,633, which was net of member contributions of \$5,518,098.

**16. OTHER EMPLOYEE BENEFITS**

Early Retirement: City employees covered under PERS may elect to take an early retirement either four or five years before regular retirement age. The early retirement option is available until the year 2000. At the time of early retirement, the City agrees to buyout the pension costs for the period remaining until regular retirement. PERS allows the City to pay the buyout amount in either a lump-sum payment or to make equal annual payments over the period. The City has elected to spread the buyout costs over the period. As of December 31, 2000, \$599,414 of the buyout liability is included in the General Long Term Obligations Account Group and \$283,784 is included in accrued liabilities for the Enterprise Funds.

**CITY OF DELAWARE  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**17. SELF INSURANCE**

The City provides medical and dental coverage for its employees and is self-insured up to a stop loss limit for the cost of providing this coverage. Under the self-insurance program, the Self-Insurance Fund (an internal service fund) provides coverage for up to a maximum of \$35,000 in any one year for each employee. The City purchases commercial insurance for claims in excess of coverage provided by the Self-Insurance Fund.

All funds of the City participate in the program and make payments to the Self-Insurance Fund based on a per-employee charge. These monies are recorded as a charge for service in the Self-Insurance Fund and as an expenditure or expense, as applicable, in the disbursing fund.

The following is a summary of payments made to the Self-Insurance Fund by type:

Type/Fund	Amount
Employer Contributions:	
General	\$ 954,284
Special Revenue	178,855
Enterprise	
Water	121,482
Sewer	113,066
Other Enterprise	61,294
Total Enterprise	295,842
Internal Service	20,719
Total Employer Contributions	1,449,700
Employee contributions	57,646
Total Payments to Self-Insurance Fund	\$1,507,346

The claims liability is accrued if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in claims liability in 2000 and 1999 were:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
1999	\$ 151,748	\$ 1,764,358	\$ (1,542,570)	\$ 373,536
2000	373,536	1,619,588	(1,664,383)	328,741

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**18. SEGMENT INFORMATION - ENTERPRISE FUNDS**

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

Description	Water	Sewer	Refuse	Golf Course	Parking Lots	Total
Operating Revenue	3,492,393	2,981,744	1,473,61	189,280	33,926	8,170,959
Operating Expenses						
Depreciation	503,244	854,896	145,446	15,225	2,874	1,521,685
Other	2,337,268	2,623,605	1,269,99	138,899	27,948	6,397,711
Operating Income	651,881	(496,757)	58,179	35,156	3,104	251,563
Operating Transfers	0	5,000	(5,000)	0	0	0
Net Income (Loss)	1,091,208	(450,008)	84,159	32,346	3,102	760,807
Capital Contributions	959,392	1,892,743	0	0	0	2,852,135
Fixed Asset Additions	2,244,021	2,379,426	84,481	28,743	0	4,736,671
Net Working Capital	7,135,237	4,446,057	419,320	138,819	23,565	12,162,99
Total Assets	20,939,385	24,519,16	1,430,49	325,019	233,433	47,447,49
Long Term Debt	27,475	3,875,000	0	0	0	3,902,475
Total Equity	20,310,482	20,026,56	1,055,72	312,412	233,004	41,938,18

**19. CONTINGENT LIABILITIES**

The City is a party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**20. SUBSEQUENT EVENTS**

Beginning January 1, 2001, the City began collecting impact fees from developers for parks and for fire and police protection.

In March, 2001, the City issued \$2,500,000 in notes to finance the City's share of the US23/SR42 interchange construction project.

In June, 2001, the City retired and reissued the Airport Hangar Construction notes for \$1,145,991 for one year.

**21. REISSUANCE OF FINANCIAL REPORT**

The Auditor of State of Ohio reissued the City's financial report on August 29, 2001. There was a mathematical error in the Total (Memorandum Only) column of the *Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds* in the report released on August 16, 2001. The accompanying statement reflects corrected totals.

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**CITY OF DELAWARE  
DELAWARE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Grant Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>Federal Aviation Administration</u></b>			
Airport Improvement Program	AIP-3-39-0032-07/08/09	20.106	\$144,222
<b><u>U.S. Department of Justice</u></b>			
Community Oriented Policing Services More Grant	96-CM-WX-0777	16.726	2,820
Local Law Enforcement Block Grant	98-LB-VX-3305 99-LB-VX-8231	16.592	19,462
Bulletproof Vest Partnership Program		16.607	2,750
Total Department of Justice			25,032
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Home Investment Partnership Program	AC-98-112-2	14.239	103,444
<i>Passed through Ohio Dept. of Development:</i>			
Community Housing Improvement Program	AC-98-112-1	14.218	41,907
Community Development Block Grant	AF-98-112-1 AF-99-112-1 AE-98-112-1	14.228	228,200
Total Department of Housing and Urban Development			373,551
<b>Total Federal Awards Expenditures</b>			<b>\$542,805</b>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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





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

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

CITY Council  
CITY of Delaware  
Delaware County  
1 South Sandusky Street  
Delaware, Ohio 43015

We have audited the general purpose financial statements of the CITY of Delaware, Delaware County, Ohio (the CITY) as of and for the year ended December 31, 2000, and have issued our report thereon dated July 20, 2001, wherein we noted the Capital Project Fund beginning balance was re-stated. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the CITY's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have been reported to management of the CITY in a separate letter dated July 20, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the CITY's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the CITY in a separate letter dated July 20, 2001.

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

**JIM PETRO**  
Auditor of State

July 20, 2001



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

CITY Council  
CITY of Delaware  
Delaware County  
1 South Sandusky Street  
Delaware, Ohio 43015

**Compliance**

We have audited the compliance of the CITY of Delaware, Delaware County, Ohio (the CITY) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The CITY's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the CITY's management. Our responsibility is to express an opinion on the CITY's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the CITY's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the CITY's compliance with those requirements.

In our opinion, the CITY complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2001-20621-001. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the CITY in a separate letter dated July 20, 2001.

### **Internal Control Over Compliance**

The management of the CITY is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the CITY's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

**JIM PETRO**  
Auditor of State

July 20, 2001

CITY OF DELAWARE  
DELAWARE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #14.228 - Community Development Block Grant  CFDA # 20.106 - Airport Improvement Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

CITY OF DELAWARE  
DELAWARE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2000  
(Continued)

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

None.

**3. FINDING FOR FEDERAL AWARDS**

<b>Finding Number</b>	<b>2000-20621-001</b>
<b>CFDA Title and Number</b>	Community Development Block Grant, CFDA #14.228
<b>Federal Award Number / Year</b>	AE-98-112-1
<b>Pass-Through Agency</b>	Ohio Department of Development

**Federal Compliance Requirement**

OMB Circular A-133 Subpart C § \_\_\_\_.300(a) states that the auditee shall identify, in its accounts, all Federal awards received or expended.

Federal awards expended for the particular purpose as stipulated in the grant agreement were not recorded into a separate fund or cost center. The federal expenditures were commingled in the same cost center as local monies expended for the same project.

The lack of segregation makes it difficult to distinguish an expenditure as being federal or local. This may lead to unallowable or ineligible expenditures being reported to the grantor agency for reimbursement.

We recommend the CITY record all federal awards activity into its own separate fund or cost center by award year for each federal grant. We considered this matter in forming our opinion on the schedule of federal awards expenditures, in relation to the general purpose financial statements.

**CITY OF DELAWARE  
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid;</u>
1999-20621-001	Circular A-110 Section .22(b)	YES	N/A
1999-20621-002	OMB Circular A-133 Subpart C § __.300(a)	NO	Not corrected (See finding 2000-20621-001)

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)**

<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2000-20621-001	The CITY is establishing new procedures for tracking project and grant expenditures when separate funds are not used. The CITY will establish new funds and/or special cost centers for any new grants received.	Immediately	Finance Director and/or Economic Development Coordinator







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF DELAWARE**

**DELAWARE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 20, 2001**