



**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Members of City Council
City of Pickerington
Fairfield County
100 Lockville Road
Pickerington, Ohio 43147

We have audited the accompanying general-purpose financial statements of the City of Pickerington, Franklin County, Ohio (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these 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 as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 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.

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JIM PETRO
Auditor of State

July 27, 2001

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**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF DECEMBER 31, 1999**

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$865,096	\$628,007	\$702,843	\$469
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0
Receivables:				
Taxes	565,289	398,089	0	0
Accounts	27,225	956	5,000	0
Accrued Interest	2,372	0	0	0
Loans Receivable	0	36,396		
Due from Other Governments	91,510	79,990	3,338	0
Prepaid Items	9,682	6,753	0	0
Inventory of Supplies	7,861	35,938	0	0
Interfund Receivable	84,453	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
 <u>Other Debits:</u>				
Amount Available in General				
Obligation Bond Retirement Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$1,653,488</u>	<u>\$1,186,129</u>	<u>\$711,181</u>	<u>\$469</u>

See the accompanying notes to the general purpose financial statements

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
\$3,010,441	\$72,022	\$244	\$0	\$0	\$5,279,122
12	0	0	0	0	12
0	0	0	0	0	963,378
715,613	0	0	0	0	748,794
0	0	0	0	0	2,372
					36,396
0	0	0	0	0	174,838
13,167	0	0	0	0	29,602
88,138	0	0	0	0	131,937
0	0	0	0	0	84,453
2,600	0	0	0	0	2,600
			0		
23,126,355	0	0	4,915,972	0	28,042,327
0	0	0	0	469	469
0	0	0	0	281,779	281,779
<u>\$26,956,326</u>	<u>\$72,022</u>	<u>\$244</u>	<u>\$4,915,972</u>	<u>\$282,248</u>	<u>\$35,778,079</u>

(Continued)

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF DECEMBER 31, 1999
(Continued)**

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$25,039	\$21,616	\$2,191	\$0
Claims Payable	0	0	0	0
Contracts Payable	0	0	18,018	0
Contracts Payable Retainage	0	0	0	0
Accrued Salaries Payable	19,627	29,572	0	0
Accrued Interest Payable	0	0	5,440	0
Due to Other Governments	15,046	5,516	0	0
Interfund Payable	0	0	84,453	0
Matured Interest Payable	0	0	0	0
Liabilities Payable from Restricted Assets:				
Refundable Deposits	0	0	0	0
Deferred Revenue	318,213	398,089	0	0
Notes Payable	0	0	450,000	0
Compensated Absences Payable	1,966	2,254	0	0
General Obligation Revenue Bonds Payable	0	0	0	0
Capital Lease Obligations Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
Undistributed Monies	0	0	0	0
Total Liabilities	379,891	457,047	560,102	0
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	203,465	175,985	257,543	0
Reserved for Inventory	7,861	35,938	0	0
Reserved for Loans	0	36,396	0	0
Reserved for Unclaimed Monies	119	0	0	0
Unreserved (Deficit)	1,062,152	480,763	(106,464)	469
Total Fund Equity and Other Credits	1,273,597	729,082	151,079	469
Total Liabilities, Fund Equity and Other Credits	\$1,653,488	\$1,186,129	\$711,181	\$469

See the accompanying notes to the general purpose financial statements

PROPRIETARY FUND TYPES		FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
\$24,202	\$0	\$0	\$0	\$0	\$73,048
0	74,343	0	0	0	74,343
61,133	0	0	0	0	79,151
22,050	0	0	0	0	22,050
3,445	0	0	0	0	52,644
90,694	0	0	0	0	96,134
489	0	0	0	0	21,051
0	0	0	0	0	84,453
12	0	0	0	0	12
2,600	0	0	0	0	2,600
0	0	0	0	0	716,302
2,694,735	0	0	0	0	3,144,735
50,596	0	0	0	229,145	283,961
6,250,000	0	0	0	0	6,250,000
0	0	0	0	53,103	53,103
263,935	0	0	0	0	263,935
0	0	244	0	0	244
<u>9,463,891</u>	<u>74,343</u>	<u>244</u>	<u>0</u>	<u>282,248</u>	<u>11,217,766</u>
0	0	0	4,915,972	0	4,915,972
13,148,784	0	0	0	0	13,148,784
4,343,651	(2,321)	0	0	0	4,341,330
0	0	0	0	0	636,993
0	0	0	0	0	43,799
0	0	0	0	0	36,396
0	0	0	0	0	119
0	0	0	0	0	1,436,920
<u>17,492,435</u>	<u>(2,321)</u>	<u>0</u>	<u>4,915,972</u>	<u>0</u>	<u>24,560,313</u>
<u>\$26,956,326</u>	<u>\$72,022</u>	<u>\$244</u>	<u>\$4,915,972</u>	<u>\$282,248</u>	<u>\$35,778,079</u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
Revenues:					
Property Taxes	\$372,303	\$383,853	\$0	\$0	\$756,156
Municipal Income Taxes	2,236,481	0	0	0	2,236,481
Payment in Lieu of Taxes	0	0	42,363		42,363
Intergovernmental	442,245	450,818	75,404	0	968,467
Charges for Services	46,191	144,327	0	0	190,518
Fees, Permits and Fines	456,560	32,831	34,287	0	523,678
Interest	243,609	13,837	953	0	258,399
Other	270,088	33,790	54,116	17	358,011
Total Revenues	<u>4,067,477</u>	<u>1,059,456</u>	<u>207,123</u>	<u>17</u>	<u>5,334,073</u>
Expenditures:					
Current:					
Security of Persons and Property	33,059	1,493,828	0	0	1,526,887
Public Health Services	52,851	0	0	0	52,851
Leisure Time Activities	10,000	319,484	0	0	329,484
Community Environment	227,778	1,971	0	0	229,749
Transportation	0	483,285	0	0	483,285
General Government	1,334,104	1,460	0	0	1,335,564
Capital Outlay	47,119	116,067	692,936	0	856,122
Debt Service:					
Principal Retirement	0	12,550	0	0	12,550
Interest and Fiscal Charges	0	3,874	14,357	0	18,231
Total Expenditures	<u>1,704,911</u>	<u>2,432,519</u>	<u>707,293</u>	<u>0</u>	<u>4,844,723</u>
Excess of Revenues Over (Under) Expenditures	<u>2,362,566</u>	<u>(1,373,063)</u>	<u>(500,170)</u>	<u>17</u>	<u>489,350</u>
Other Financing Sources (Uses):					
Inception of Capital Lease	0	64,510	0	0	64,510
Advances - Out	0	0	0		0
Operating Transfers - In	46,597	1,506,572	598,543	0	2,151,712
Operating Transfers - Out	(2,105,115)	0	(46,597)	0	(2,151,712)
Sale of Fixed Assets	0	6,851	0		6,851
Total Other Financing Sources (Uses)	<u>(2,058,518)</u>	<u>1,577,933</u>	<u>551,946</u>	<u>0</u>	<u>71,361</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	304,048	204,870	51,776	17	560,711
Fund Balances at Beginning of Year	968,367	531,084	99,303	452	1,599,206
Residual Equity Transfers	0	0	0	0	0
Increase(Decrease) in Reserve for Inventory	1,182	(6,872)	0	0	(5,690)
Fund Balances at End of Year	<u>\$1,273,597</u>	<u>\$729,082</u>	<u>\$151,079</u>	<u>\$469</u>	<u>\$2,154,227</u>

See the accompanying notes to the general purpose financial statements

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CITY OF PICKERINGTON
FAIRFIELD COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Revenues:						
Property Taxes	\$368,051	\$372,412	\$4,361	\$355,400	\$383,853	\$28,453
Municipal Income Taxes	2,194,000	2,196,007	2,007	0	0	0
Intergovernmental	436,596	439,756	3,160	435,700	418,213	(17,487)
Charges for Services	28,100	28,472	372	147,010	148,029	1,019
Fees, Permits and Fines	416,476	446,701	30,225	20,449	25,271	4,822
Interest	237,275	238,176	901	8,100	8,818	718
Other	267,560	270,088	2,528	24,575	32,186	7,611
Total Revenues	<u>3,948,058</u>	<u>3,991,612</u>	<u>43,554</u>	<u>991,234</u>	<u>1,016,370</u>	<u>25,136</u>
Expenditures:						
Current:						
Security of Persons and Property	38,044	33,516	4,528	1,854,347	1,753,029	101,318
Public Health Services	53,619	52,761	858	0	0	0
Leisure Time Activities	10,000	10,000	0	374,941	340,295	34,646
Community Environment	285,139	235,443	49,696	2,000	1,970	30
Transportation	0	0	0	640,675	599,953	40,722
General Government	1,817,229	1,643,522	173,707	3,500	1,460	2,040
Capital Outlay	31,849	22,620	9,229	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>2,235,880</u>	<u>1,997,862</u>	<u>238,018</u>	<u>2,875,463</u>	<u>2,696,707</u>	<u>178,756</u>
Excess of Revenues Over (Under) Expenditures	<u>1,712,178</u>	<u>1,993,750</u>	<u>281,572</u>	<u>(1,884,229)</u>	<u>(1,680,337)</u>	<u>203,892</u>
Other Financing Sources (Uses):						
Sale of Fixed Assets			0	500	6,851	6,351
Advances-In			0	0	0	0
Advances-Out	(69,250)	(69,250)	0	0	0	0
Operating Transfers - In	46,597	46,597	0	1,506,572	1,506,572	0
Operating Transfers - Out	(2,105,115)	(2,105,115)	0		0	0
Proceeds of Bonds	0	0	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(2,127,768)</u>	<u>(2,127,768)</u>	<u>0</u>	<u>1,507,072</u>	<u>1,513,423</u>	<u>6,351</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(415,590)</u>	<u>(134,018)</u>	<u>281,572</u>	<u>(377,157)</u>	<u>(166,914)</u>	<u>210,243</u>
Fund Balances at Beginning of Year	505,946	622,114	0	496,254	432,543	0
Prior Year Encumbrances Appropriated	250,186	227,797	0	89,884	195,098	0
Fund Balances at End of Year	<u>\$340,542</u>	<u>\$715,893</u>	<u>\$281,572</u>	<u>\$208,981</u>	<u>\$460,727</u>	<u>\$210,243</u>

See the accompanying notes to the general purpose financial statements

CAPITAL PROJECTS FUNDS			DEBT SERVICE FUND			TOTAL (MEMORANDUM ONLY)		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
\$42,363	\$42,363	\$0	\$0	\$0	\$0	\$765,814	\$798,628	\$32,814
0	0	0	0	0	0	2,194,000	2,196,007	2,007
86,647	86,647	0	0	0	0	958,943	944,616	(14,327)
0	0	0	0	0	0	175,110	176,501	1,391
34,285	34,287	2	0	0	0	471,210	506,259	35,049
1,214	1,255	41	9,983	9,983	0	256,572	258,232	1,660
61,278	62,133	855	7,232	7,311	79	360,645	371,718	11,073
<u>225,787</u>	<u>226,685</u>	<u>898</u>	<u>17,215</u>	<u>17,294</u>	<u>79</u>	<u>5,182,294</u>	<u>5,251,961</u>	<u>69,667</u>
0	0	0	0	0	0	\$1,892,391	\$1,786,545	105,846
0	0	0	0	0	0	53,619	52,761	858
11,000	20,720	(9,720)	0	0	0	395,941	371,015	24,926
0	0	0	0	0	0	287,139	237,413	49,726
349,173	238,629	110,544	0	0	0	989,848	838,582	151,266
0	0	0	0	0	0	1,820,729	1,644,982	175,747
897,691	832,499	65,192	0	0	0	929,540	855,119	74,421
0	0	0	5,692,922	5,692,922	0	5,692,922	5,692,922	0
0	0	0	474,264	474,264	0	474,264	474,264	0
<u>1,257,864</u>	<u>1,091,848</u>	<u>166,016</u>	<u>6,167,186</u>	<u>6,167,186</u>	<u>0</u>	<u>12,536,393</u>	<u>11,953,603</u>	<u>582,790</u>
<u>(1,032,077)</u>	<u>(865,163)</u>	<u>166,914</u>	<u>(6,149,971)</u>	<u>(6,149,892)</u>	<u>79</u>	<u>(7,354,099)</u>	<u>(6,701,642)</u>	<u>652,457</u>
0	0	0	0	0	0	500	6,851	6,351
0	0	0	0	0	0	0	0	0
69,250	69,250	0	0	0	0	0	0	0
0	0	0	971,998	971,998	0	2,525,167	2,525,167	0
481,823	481,823	0	0	0	0	(1,623,292)	(1,623,292)	0
(46,597)	(46,597)	0	2,300,000	2,300,000	0	2,253,403	2,253,403	0
150,000	150,000	0	2,875,000	2,875,000	0	3,025,000	3,025,000	0
<u>654,476</u>	<u>654,476</u>	<u>0</u>	<u>6,146,998</u>	<u>6,146,998</u>	<u>0</u>	<u>6,180,778</u>	<u>6,187,129</u>	<u>6,351</u>
(377,601)	(210,687)	166,914	(2,973)	(2,894)	79	(1,173,321)	(514,513)	658,808
296,714	376,491	0	3,425	3,425	0	1,302,339	1,434,573	132,234
303,783	326,352	0	0	0	0	643,853	749,247	105,394
<u>\$222,896</u>	<u>\$492,156</u>	<u>\$166,914</u>	<u>\$452</u>	<u>\$531</u>	<u>\$79</u>	<u>\$772,871</u>	<u>\$1,669,307</u>	<u>\$896,436</u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
Operating Revenues:			
Charges for Services	\$2,417,047	\$495,589	\$2,912,636
Fees and Permits	50,452	0	50,452
Other Operating	224,224	0	224,224
Total Operating Revenues	<u>2,691,723</u>	<u>495,589</u>	<u>3,187,312</u>
Operating Expenses:			
Personal Services	557,137	0	557,137
Travel and Transportation	0	0	0
Contractual Services	588,804	218,748	807,552
Supplies and Materials	168,753	0	168,753
Depreciation	509,041	0	509,041
Claims	0	287,920	287,920
Other Operating Expenses	0	0	0
Total Operating Expenses	<u>1,823,735</u>	<u>506,668</u>	<u>2,330,403</u>
Operating Income (Loss)	<u>867,988</u>	<u>(11,079)</u>	<u>856,909</u>
Non-Operating Revenues (Expenses):			
Interest	84,447	0	84,447
Interest and Fiscal Charges	(467,729)	0	(467,729)
Gain on Sale of Fixed Assets	25,197	0	25,197
Other Non-Operating Revenues	17,277	0	17,277
Total Non-Operating Revenues (Expenses)	<u>(340,808)</u>	<u>0</u>	<u>(340,808)</u>
Net Income (Loss)	<u>527,180</u>	<u>(11,079)</u>	<u>516,101</u>
Retained Earnings at			
Beginning of Year - Restated (Note 2)	<u>3,816,471</u>	<u>8,758</u>	<u>3,825,229</u>
Retained Earnings at End of Year	<u>\$4,343,651</u>	<u>(\$2,321)</u>	<u>\$4,341,330</u>

See the accompanying notes to the general purpose financial statements

CITY OF PICKERINGTON
FAIRFIELD COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND			TOTAL (MEMORANDUM ONLY)		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Revenues:									
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0	0	0	0
Charges for Services	2,032,616	2,039,407	6,791	495,589	495,589	0	2,528,205	2,534,996	6,791
Fees, Permits and Fines	928,755	933,441	4,686	0	0	0	928,755	933,441	4,686
Interest	100,259	97,260	(2,999)	0	0	0	100,259	97,260	(2,999)
Other	602,022	224,165	(377,857)	0	0	0	602,022	224,165	(377,857)
Total Revenues	<u>3,663,652</u>	<u>3,294,273</u>	<u>(369,379)</u>	<u>495,589</u>	<u>495,589</u>	<u>0</u>	<u>4,159,241</u>	<u>3,789,862</u>	<u>(369,379)</u>
Expenditures:									
Current:									
Personal Services	615,328	591,718	23,610			0	\$615,328	\$591,718	23,610
Travel and Transportation	200	200	0	0	0	0	200	200	0
Contractual Services / Claims	996,054	909,533	86,521	490,382	446,362	44,020	1,486,436	1,355,895	130,541
Supplies and Materials	226,817	159,587	67,230			0	226,817	159,587	67,230
Utility Deposits returned	1,500	300	1,200			0	1,500	300	1,200
Capital Outlay	3,532,846	2,887,598	645,248	0	0	0	3,532,846	2,887,598	645,248
Debt Service:									
Principal Retirement	12,604	12,604	0	0	0	0	12,604	12,604	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0
Total Expenditures	<u>5,385,349</u>	<u>4,561,540</u>	<u>823,809</u>	<u>490,382</u>	<u>446,362</u>	<u>44,020</u>	<u>5,875,731</u>	<u>5,007,902</u>	<u>867,829</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,721,697)</u>	<u>(1,267,267)</u>	<u>454,430</u>	<u>5,207</u>	<u>49,227</u>	<u>44,020</u>	<u>(1,716,490)</u>	<u>(1,218,040)</u>	<u>498,450</u>
Other Financing Sources (Uses):									
Sale of Fixed Assets	1,000	25,197	24,197			0	1,000	25,197	24,197
Advances-In					0	0	0	0	0
Advances-Out					0	0	0	0	0
Operating Transfers - In						0	0	0	0
Operating Transfers - Out	(855,278)	(855,278)	0		0	0	(855,278)	(855,278)	0
Proceeds of Bonds	550,000	550,000	0	0	0	0	550,000	550,000	0
Proceeds from Sale of Notes	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(304,278)</u>	<u>(280,081)</u>	<u>24,197</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(304,278)</u>	<u>(280,081)</u>	<u>24,197</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(2,025,975)</u>	<u>(1,547,348)</u>	<u>478,627</u>	<u>5,207</u>	<u>49,227</u>	<u>44,020</u>	<u>(2,020,768)</u>	<u>(1,498,121)</u>	<u>522,647</u>
Fund Balances at Beginning of Year	949,300	1,710,578		20,025	20,025	0	969,325	1,730,603	761,278
Prior Year Encumbrances Appropriated	227,801	1,751,710		2,770	2,770	0	230,571	1,754,480	1,523,909
Fund Balances at End of Year	<u>(\$848,874)</u>	<u>\$1,914,940</u>	<u>\$478,627</u>	<u>\$28,002</u>	<u>\$72,022</u>	<u>\$44,020</u>	<u>(\$820,872)</u>	<u>\$1,986,962</u>	<u>\$2,807,834</u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31,1999**

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,313,424	\$0	\$2,313,424
Cash Received from Quasi-External Transactions from Other Funds	0	495,589	495,589
Cash Payments to Employees for Services and Benefits	(591,567)	0	(591,567)
Cash Payments to Suppliers for Goods and Services	(684,189)	(218,748)	(902,937)
Cash Payments for Claims	0	(227,614)	(227,614)
Utility Deposits Received	600	0	600
Utility Deposits Returned	(300)	0	(300)
Other Non-Operating Revenue	17,277	0	17,277
Net Cash Provided by Operating Activities	<u>1,055,245</u>	<u>49,227</u>	<u>1,104,472</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(2,178,719)	0	(2,178,719)
Proceeds from Sale of Assets	41,876	0	41,876
Proceeds from Issuing Notes	2,575,000	0	2,575,000
Proceeds from Sale of Bonds	2,850,000	0	2,850,000
Principal Paid on Notes Payable	(5,075,000)	0	(5,075,000)
Principal Paid on General Obligation Revenue Bonds Payable	(205,000)	0	(205,000)
Principal Paid on OWDA Loans Payable	(12,922)	0	(12,922)
Interest Paid on Notes Payable	(84,037)	0	(84,037)
Interest Paid on General Obligation Revenue Bonds Payable	(367,394)	0	(367,394)
Interest Paid on OWDA Loans Payable	(17,304)	0	(17,304)
Principal Paid on Issue 2 Notes Payable	(12,604)	0	(12,604)
Contributed Capital by Customers	882,989	0	882,989
Net Cash Used for Capital and Related Financing Activities	<u>(1,603,115)</u>	<u>0</u>	<u>(1,603,115)</u>
Cash Flows from Investing Activities:			
Interest	84,447	0	84,447
Net Increase (Decrease) in Cash and Cash Equivalents	(463,423)	49,227	(414,196)
Cash and Cash Equivalents Beginning of Year (Restated)	<u>3,476,402</u>	<u>22,795</u>	<u>3,499,197</u>
Cash and Cash Equivalents End of Year	<u>\$3,013,041</u>	<u>\$72,022</u>	<u>\$3,085,001</u>

(Continued)

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31,1999**

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$867,988	(\$11,079)	\$856,909
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	509,041	0	509,041
Other Non-Operating Revenues	17,277	0	17,277
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(378,299)	0	(378,299)
Increase in Inventory Supplies	(579)	0	(579)
Increase in Prepaid Items	(7,237)	0	(7,237)
Increase in Accounts Payable	4,521	0	4,521
Increase in Claims Payable	0	60,306	60,306
Increase in Contracts Payable	54,614	0	54,614
Increase in Retainage Payable	22,050	0	22,050
Decrease in Accrued Salaries Payable	(17,319)	0	(17,319)
Decrease in Due to Other Governments	(23,157)	0	(23,157)
Increase in Liabilities Payable from Restricted Assets	300	0	300
Increase in Compensated Absences Payable	6,045	0	6,045
 Net Cash Provided by Operating Activities	 \$1,055,245	 \$49,227	 \$1,104,472

Non-Cash Capital Financing Activities:

Developers contributed \$812,110 and \$512,320 in sewer and water lines respectively during fiscal year 1999.

See the accompanying notes to the general purpose financial statements

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**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pickerington (the "City") is a charter municipal corporation operating under the laws of the State of Ohio. In 1881 Pickerington was incorporated as a village. Pickerington was recognized as a village by the State of Ohio in 1930. The Village of Pickerington adopted a charter on November 4, 1980. On April 29, 1991 Pickerington was declared a City.

The municipal government provided by the charter is known as a mayor-council-manager form of government. Legislative power is vested in a seven-member council, each member elected to a four year term. The Mayor is elected by the citizens of Pickerington for a four year term. The Mayor appoints, with the concurrence of a majority vote of Council, the City Manager. The City Manager is the chief executive officer and the head of the administrative agencies of the City. She appoints all department heads and employees, except as otherwise provided in the Charter. The City Manager is responsible to the Mayor for the proper administration of all affairs of the City.

The financial statements of the City of Pickerington conform to generally accepted accounting principles for local government units as prescribed in the statements issued by Governmental Accounting Standards Board and other recognized authoritative sources. The City also applies Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989, to its proprietary activities, provided that they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City utilizes the Standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

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

The primary government consists of all funds and departments that are not legally separate from the City. Services provided by the primary government include police protection, street maintenance and repairs, community and economic development, parks and recreation, and water and sewer services. A staff provides support (i.e., payroll processing, accounts payable, revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the City Manager through administrative and managerial requirements and procedures.

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

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

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Pickerington Local School District

Pickerington Public Library

Pickerington Senior Citizens Center, Inc.

The City is associated with an organization which is defined as a pool. This organization is presented in Note 20. The organization is The Ohio Municipal League Workers' Compensation Group Rating Program.

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

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

Governmental Fund Types

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

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

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

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

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Fund Types (Continued)

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Proprietary Funds

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

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

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

Fiduciary Funds

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

Account Groups

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

General Fixed Assets Account Group - to account for all general fixed assets of the City other than those accounted for in proprietary funds.

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

C. Basis of Accounting

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

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Basis of accounting refers to the time when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, state-levied locally shared taxes (including gasoline tax), fines and forfeitures and employer-withheld income tax.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period employees earn them.

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

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level (personal services and other expenditures) within each department. Budgetary modifications may only be made by resolution of the City Council.

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenues of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if revenues are estimated to be greater or less than amounts previously certified. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

Appropriations

A temporary appropriations measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriations ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriations ordinance fixes spending authority at the fund, department and object level. The appropriations ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets and Budgetary Accounting (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During 1999, investments were limited to treasury bills, certificates of deposit, STAR Ohio, and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposits are reported at cost.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. During 1999, interest was distributed to the general fund, certain special revenue funds, and capital projects funds. Interest revenue credited to the general fund during 1999 amounted to \$243,609, which includes \$195,930 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since they are not required to be deposited into the City treasury.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

For purposes of the combined statement of cash flows and for the presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Inventory of Supplies

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Restricted Assets

Restricted assets in the enterprise funds represent water/sewer customer deposits.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets (assets used to provide services accounted for in proprietary funds) are capitalized in the fund that uses them.

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

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

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

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets and Depreciation (Continued)

Assets in the general fixed assets account group are not depreciated. Depreciation in the proprietary fund types is computed using the straight-line method over the following useful lives:

Buildings	40 years
Improvements to Land Other than Buildings	25 years
Equipment	10-15 years
Vehicles	6 years
Sewer Lines	25 years
Water Lines	25 years

J. Compensated Absences

The City has implemented the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The City records a liability for accumulated unused sick leave for employees after five years of service. The current portion of unpaid compensated absences is the amount to be paid using available expendable resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions and special termination benefits are reported as a liability in the General Long-Term Obligation Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than thirty one days after fiscal year end are considered not to have used current available financial resources. Bonds, capital leases and long-term loans are recognized as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the proprietary funds.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-term Obligations (Continued)

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

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

<u>Obligation</u>	<u>Fund</u>
Compensated Absences employee's salary is paid.	The fund from which the
Capital Leases	Street Fund
Revenue Bonds	Water Fund
OWDA Loans	Sewer Fund
Issue Two Notes	Water Fund

L. Capitalization of Interest

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 1999, interest costs incurred on construction projects in proprietary funds were not material.

M. CONTRIBUTED CAPITAL

Contributed capital represents resources from capacity fees, federal and state grants, and private sources and water and sewer lines donated by developers provided to the City's proprietary funds which are not subject to repayment. Because prior to 1990, the City had not prepared its financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1990 cannot be determined. Only those amounts that could be specifically identified have been classified as contributed capital in the accompanying general purpose financial statements.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Reservations of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances, unclaimed monies and inventories of supplies and materials. Reservation for unclaimed monies is established because by law, unclaimed monies are not available for appropriation until five years have passed.

O. Intergovernmental Revenues

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

Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital.

P. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

Q. Self-insurance Fund

The City created a self-insurance internal service fund for the purpose of providing employee health and life insurance benefits. Each fund pays for health care costs through payments to this fund in lieu of insurance premium payments.

R. Total Columns on General Purpose Financial Statements

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

S. Estimates

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

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

2. CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS

The erroneous accrual of an intergovernmental receivable in the amount of \$200, caused the restatement of the Immobilization Special Revenue Fund beginning fund balance . The restatement of beginning cash and cash equivalents in the Water Fund of \$1,451, along with the restatement of fixed assets in the water and sewer funds resulted in the following restatement of fund equity.

	Fund Equity at 12/31/98	Adjustment	Fund Equity Restatement at 1/1/99
Special Revenue Funds	<u>\$531,284</u>	<u>(\$200)</u>	<u>\$531,084</u>
Enterprise Funds:			
Water	\$490,783	\$10,432	\$501,215
Sewer	<u>3,521,492</u>	<u>(206,236)</u>	<u>3,315,256</u>
Total Enterprise Funds	<u>\$4,012,275</u>	<u>(195,866)</u>	<u>\$3,816,471</u>

These adjustments had the following effects on the excess of revenues and other financing sources over expenditures and other financing uses/net loss for the year ended December 31, 1998.

	<u>Special Revenue Funds</u>
Excess as previously reported	(\$5,385)
Restatement of Fund Balance	<u>(200)</u>
Restated Excess for the year ended 12/31/98	<u><u>(\$5,585)</u></u>
	<u>Enterprise</u>
Loss as previously reported	(\$572,115)
Restatement of Beginning Cash	(1,451)
Restatement of Fixed Assets	<u>(194,415)</u>
Restated loss for the year ended 12/31/98	<u><u>(\$767,981)</u></u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

The following funds had deficit fund balances as of December 31, 1999:

<u>Capital Projects Funds</u>	<u>Deficit Fund Balances</u>
TIF State Route 256/204 Construction Fund	15,203
Street Construction Fund	113,318
Park Capital Improvement Fund	6,539
Municipal Building Fund	305,440

The deficits in the capital projects funds were the result of the recognition of payables in accordance with Generally Accepted Accounting Principles. In addition, the medical insurance internal service fund had deficit retained earnings of \$2,321 as a result of "GAAP" accounting accruals. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not 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 Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Budget Basis), All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For the proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

**Excess of Revenues and
Other Financing Sources Over (Under)
Expenditures and other Financing Uses
Governmental Fund Types**

	General	Special Revenue	Capital Projects	Debt Service
GAAP Basis	\$304,048	\$204,870	\$51,776	\$17
Adjustments:				
Revenue Accruals	(75,865)	(43,086)	5,893	0
Expenditure Accruals	(65,154)	(4,580)	(58,203)	0
Encumbrances	(227,797)	(195,098)	(326,352)	0
Debt Principal Payments	0	0	0	(5,692,922)
Interest	0	0	0	(474,264)
Advances-In	0	0	69,250	0
Advances-Out	(69,250)	0	0	0
Operating Transfers-In	0	0	(116,720)	971,998
Revenue Allocated to Enterprise Funds for Debt Service	0	0	0	17,277
Bond Proceeds	0	0	0	2,300,000
Note Proceeds	0	0	150,000	2,875,000
Budget Basis	<u>(\$134,018)</u>	<u>(\$166,914)</u>	<u>(\$210,687)</u>	<u>(\$2,894)</u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Enterprise	Internal Service
GAAP Basis	\$527,180	(\$11,079)
Adjustments:		
Revenue Accruals	(365,186)	0
Expense Accruals	(314,368)	60,306
Capital Outlay	(1,793,437)	0
Encumbrances	(1,094,161)	0
Depreciation	509,041	0
Debt Principal Payments	(12,604)	0
Operating Transfers-Out	(855,278)	0
Proceeds From Sale of Bonds	550,000	0
Contributed Capital by Customers	882,989	0
Budget Basis	(\$1,547,348)	\$49,227

5. DEPOSITS AND INVESTMENTS

A. Policies and Procedures

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

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

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Policies and Procedures (Continued)

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

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

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.

Interim monies Policies and Procedures may be deposited or invested in the following securities:

6. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any obligation guaranteed as to principal and interest by the United States;
7. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality; including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
8. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds 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;
9. Bonds and other obligations of the State of Ohio;
10. 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
11. The State Treasurer's investment pool (STAR Ohio)

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Policies and Procedures (Continued)

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

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

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

Investments may only be made through specific 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 to transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including repurchase agreements), and reverse repurchase agreements."

B. Deposits

At year end, the carrying amount of the City's deposits was \$1,312,734 and the bank balance was \$3,511,673. Of the bank balance, \$400,000 was covered by federal deposit insurance and \$3,111,673 was considered uninsured and uncollateralized. Although collateral was held by the pledging financial institution's trust department or agent in the City's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements", requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio which is an investment fund operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

C. Investments (Continued)

	Category 2	Category 3	Unclassified	Carrying and Fair Value
STAR Ohio	0	0	1,957,339	1,957,339
U.S. Treasury Notes	1,629,064	0	0	1,629,064
Repurchase Agreement	0	382,597	0	382,597
Total	\$1,629,064	\$382,597	\$1,957,339	\$3,969,000

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

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

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$5,281,734	\$0
Investments:		
U.S. Treasury Notes	(1,629,064)	1,629,064
STAR Ohio	(1,957,339)	1,957,339
Repurchase Agreement	(382,597)	382,597
GASB Statement 3	\$1,312,734	\$3,969,000

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

6. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 1999 for real and public utility property taxes represents collections of 1998 taxes. Property tax payments received during 1999 for tangible personal property (other than public utility property) is for 1999 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after October 1, 1999, and are collected in 2000 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 1999, was \$7.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property	\$148,856,150
Public Utility Real Property	7,160
Public Utility Tangible Personal Property	3,559,500
Tangible Personal Property	<u>5,407,027</u>
Total Assessed Value	<u><u>\$157,829,837</u></u>

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

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

The County Treasurer collects property taxes on behalf of Fairfield County, including the City of Pickerington. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 1999 operations. The receivable is therefore offset by a credit to deferred revenue.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

7. INCOME TAX

The City levies a municipal income tax of one percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality equal to 50 percent of the amount obtained by multiplying the lower of the tax rate of such other municipality or of the City by the taxable income earned in or attributable to the municipality of employment or business activity. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration semi-annually.

Income tax proceeds are to be used for the purposes of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities and capital improvements of the City of Pickerington. In 1999, the proceeds were receipted into the General Fund and later allocated to the Street Fund, Parks and Recreation Fund, Police Fund, Special Street Fund and to repay a capital projects fund note. Income tax revenue for 1999 was \$2,236,481.

8. RECEIVABLES

Receivables at December 31, 1999, consisted primarily of taxes, intergovernmental receivables arising from grants, loans, entitlements and shared revenues, interest on investments, and utility accounts. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

General Fund

Local Government	\$ 76,331
Estate Tax	<u>15,179</u>
Total General Fund	<u>91,510</u>

Special Revenue Funds

Police Fund

Violet Twp Police Runs	2,820
Violet Twp Dispatcher Fees	2,750
Dare Grant	13,553
Local Government	7,757

State Highway Fund

Gas Tax	2,917
Motor Vehicle License Tax	898

Street Fund

Gas Tax	35,979
Motor Vehicle License Tax	11,080
Permissive Motor Vehicle License Tax	<u>2,236</u>
Total Special Revenue Funds	<u>79,990</u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

8. RECEIVABLES (Continued)

Capital Projects Funds

State Route 256

Permissive Motor Vehicle License Tax	3,338
Total Capital Projects Fund	<u>3,338</u>
Total All Funds	<u><u>\$174,838</u></u>

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31, 1999 follows:

Land	\$705,628				
Improvements to Land					
Other than Buildings		443,544			
Buildings		12,719,555			
Equipment		698,264			
Vehicles		200,814			
Infrastructure		11,429,129			
Construction in Progress		<u>2,013,129</u>			
Total		28,210,063			
Less: Accumulated Depreciation		<u>(5,083,708)</u>			
Net Fixed Assets		<u><u>\$23,126,355</u></u>			

Changes in general fixed assets during the year ended December 31, 1999, were as follows:

Class	Balance January 1, 1999	Additions	Deletions	Balance December 31, 1999
Land	\$504,030	\$5,000	\$0	\$509,030
Improvements to Land Other than Buildings	159,137	85,550	0	244,687
Buildings	1,153,748	6,288	0	1,160,036
Equipment	2,343,864	71,200	6,700	2,408,364
Vehicles	468,650	120,850	17,645	571,855
Construction in Progress	<u>0</u>	<u>22,000</u>	<u> </u>	<u>22,000</u>
Totals	<u><u>\$4,629,429</u></u>	<u><u>\$1,420,968</u></u>	<u><u>\$24,345</u></u>	<u><u>\$4,915,972</u></u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

10. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

All City full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 8.44 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$116,768, \$143,093, and \$123,859 respectively, equal to the required contributions for each year. The full amount has been contributed for 1998 and 1997. 100% has been contributed for 1999.

B. Police and Firemen's Disability and Pension Fund

The City contributes to the Police and Fireman's Disability and Pension Fund of Ohio. (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement 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 by Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. The 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.

The City has no firefighters. Police are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13 percent. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 1999, 1998, and 1997 were \$76,435, \$97,000, and \$89,155, respectively, equal to the required contributions for each year. The full amount has been contributed for 1998 and 1997. 100% has been contributed for 1999.

11. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other 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 postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.2 percent was the portion that was used to fund health care for the year 1999. The law enforcement employer rate for 1999 was 16.70 percent and 4.2 percent was used to fund health care.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

11 . POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (Pers) (Continued)

Benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,346. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$52,452.

B. Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's Board of Trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll of which 6.5 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, (the latest information available) was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$42,804 for police. The Fund's total health care expenses for the year ended December 31, 1998, (the latest information available) were \$78,596,790.

12 . EMPLOYEE BENEFITS

A. Compensated Absences

Vacation leave is earned at varying rates based upon length of service. A maximum number of vacation hours may be accumulated based on length of service. Any unused vacation exceeding the maximum allowance is eliminated from the employee's leave balance. At the time of termination of employment or death, an employee (or his estate) is paid for his unused vacation leave.

Sick leave is earned at the rate of three and seven tenths hours per eighty hours of service and can be accumulated without limit. In the case of death or retirement of an employee who has ten years of service, an employee or his estate is paid for one-third of his accumulated sick leave up to a maximum payment equal to forty days.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

12. EMPLOYEE BENEFITS

A. Compensated Absences (Continued)

After forty or more days have been accumulated, City employees are eligible to sell back certain amounts of sick leave. The formula used depends on the number of sick days taken in the preceding calendar year. Employees eligible to retire within three years are also eligible to sell back leave. All employees must retain a minimum balance of forty days.

Unpaid compensated absences of \$4,220 at December 31, 1999, were reported as an accrued liability in the governmental fund types. The liability for compensated absences in the proprietary funds at December 31, 1999, was \$50,596. The balance of the liability is reported in the General Long-Term Obligations Account Group in the amount of \$229,145.

13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 1999, the City contracted with Coregis Insurance Company for vehicle insurance, property and general liability insurance. The Hartford Insurance Company handles the City's boiler and machinery insurance, while police and professional liability are protected by the Coregis Insurance Company.

Vehicle insurance carries a \$500 per vehicle deductible for comprehensive coverage and a \$1,000 per vehicle collision coverage. There is no deductible for property or general liability insurance. The City carries a \$5,000 deductible for both police and professional liability insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. The only change from last year's coverages was the elimination of the \$250 deductible for property insurance. Coverages for last year included \$250 per car and \$500 per truck deductible for comprehensive coverage. The City participates in the Ohio Municipal League workers' compensation group rating plan (the Plan), an insurance purchasing pool (see Note 19). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating municipalities is calculated as one experience in order to create a lower workers' compensation premium rate. Each municipality pays its workers' compensation premium to the State based on the rate for the Plan rather than the municipality's individual rate. In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, annual calculations are made of the total savings accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. Collections of rate contributions from or payments of rate equalization rebates to the various participants are then made. Participation in the Plan is limited to municipalities that can meet the Plan's selection criteria. The firm of Gates McDonald & Company performs claims administration, actuarial cost control, and consulting services for participants. Each year the City pays an enrollment fee to the Plan to cover the costs of administering the program.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

13. RISK MANAGEMENT (Continued)

The City has elected to provide employee medical, dental, vision and life insurance benefits through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical plan with a \$100 single and a \$200 family deductible. The City pays 90 percent of medical claims for those employees that use a physician on the City's provider list, and 80 percent for those employees that do not. In addition, the City maintains a dental plan with a \$50 deductible on selected benefits, a vision plan with a \$10-15 deductible and the equivalent of one year's salary for accidental life insurance, with the exception that life insurance for police officers is equal to the amount of their annual wages. The City purchases total stop-loss coverage of \$7,500 per individual, \$15,000 per family, including aggregate stop-loss of \$286,270.

The City pays into the self-insurance internal service fund \$334.24 for single, \$695.09 for a two person family and \$695.09 for a three or more person family per month which represents the entire premium required. The fund that pays the salary for the employee pays this premium which is based on historical cost information plus \$25.00 per employee for administrative cost.

The liability for unpaid claim costs of \$74,343 reported in the fund at December 31, 1999 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that 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. Estimates were calculated by using actual claims reports for several months following the balance sheet date. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability in 1998 and 1999 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1998	\$ 9,560	\$228,557	\$224,080	\$14,037
1999	14,037	287,920	227,614	74,343

14. CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capital leases for three dump trucks, two copiers, and its computer equipment. The agreements stipulate that ownership is transferred to the City by the end of the lease terms. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for the governmental funds. Equipment acquired by lease has been capitalized in the general fixed assets account group in the amount of \$325,907 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in 1999 totaled \$12,024.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

14. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The following is a schedule of the future minimum lease payments at December 31, 1999:

<u>General Year Ending December 31</u>	<u>Long-Term Obligations</u>
2000	\$15,152
2001	15,152
2002	15,152
2003	<u>15,152</u>
Less: Amount Representing Interest	<u>(7,505)</u>
Present Value of Minimum Lease Payments	<u>\$53,103</u>

15. LONG-TERM OBLIGATIONS

Changes in the City's long-term obligations during 1999 consist of the following:

	<u>Balance January 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 1999</u>	<u>General Long- Term Obligations</u>
Compensated Absences	\$212,900	\$16,245	\$ 0	\$229,145	
Capital Leases Payable	<u>617</u>	<u>64,510</u>	<u>12,024</u>	<u>53,103</u>	
TOTAL - General Long- Term Obligations	<u>213,517</u>	<u>80,755</u>	<u>12,024</u>	<u>282,248</u>	
Enterprise Funds					
6.875% - 1974					
Sanitary Sewer Improvements					
General Obligation					
Revenue Bonds	10,000	0	10,000	0	
6.25% - 1973					
OWDA Loans					
	276,857	0	12,922	263,935	
0.00% - 1993					
Issue Two Notes					
	132,339	0	12,604	119,735	
5.85% - 1994					
Water System Improvements					
General Obligation					
Revenue Bonds	1,320,000	0	50,000	1,270,000	
5.50% - 1995					
Sanitary Sewer Improvements					
General Obligation					
Revenue Bonds	2,275,000	0	85,000	2,190,000	
4.85% - 1999					
Sanitary Sewer Improvements					
General Obligation					
Revenue Bonds	<u>0</u>	<u>2,850,000</u>	<u>60,000</u>	<u>2,790,000</u>	

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

TOTAL - Enterprise Funds	<u>4,014,196</u>	<u>2,850,000</u>	<u>230,526</u>	<u>6,633,670</u>
TOTAL - All Types	<u>\$4,227,713</u>	<u>\$2,930,755</u>	<u>\$242,550</u>	<u>\$6,915,918</u>

The sanitary sewer improvement bonds and the water system improvement bonds will be paid from revenues derived by the City from the operation of the sewer and water systems and are backed by the full faith and credit of the City.

The OWDA loans represent amounts borrowed from the Ohio Water Development Authority for the construction of sewer system improvements. The loans will be paid from Sewer Enterprise Fund revenue.

The Issue Two notes represent amounts borrowed from the Ohio Public Works Commission for the improvement of filters to the water plant. The notes were issued interest free and will be paid from Water Enterprise Fund revenue.

As of December 31, 1999, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,122,133.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 1999, were:

Year	Sewer General Obligation Revenue Bonds	Water General Obligation Revenue Bonds	OWDA	Issue Two	Total
2000	409,105	129,295	30,226	12,603	581,229
2001-05	2,045,072	644,703	151,128	63,019	2,903,922
2006-10	2,048,705	647,062	151,128	44,113	2,891,008
2011-15	2,069,592	523,445	60,451	0	2,653,488
2016-23	<u>1,631,520</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,631,520</u>
Total	<u>\$8,203,994</u>	<u>\$1,944,505</u>	<u>\$392,933</u>	<u>\$119,735</u>	<u>\$10,661,167</u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

16. SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 1999, follows:

	Balance January 1, 1999	Increase	Decrease	Balance December 31, 1999
<u>Capital Projects Funds</u>				
Municipal Building - 4.07%	\$400,000	\$300,000	\$400,000	\$300,000
E. Street Realignment -	0	150,000	0	150,000
Total - Capital Projects Funds	400,000	450,000	400,000	450,000
<u>Enterprise Funds</u>				
Water - 4.15%	2,075,000	1,875,000	2,075,000	1,875,000
Sewer - 4.00%	3,000,000	700,000	3,000,000	700,000
Total - Enterprise Funds	5,075,000	2,575,000	5,075,000	2,575,000
Total - All Types	<u>\$5,475,000</u>	<u>\$3,025,000</u>	<u>\$5,475,000</u>	<u>\$3,025,000</u>

The notes outstanding at December 31, 1999, were issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the City and mature within one year.

17. SEGMENT INFORMATION

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

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues	\$1,627,699	\$1,064,024	\$2,691,723
Depreciation Expense	220,506	288,535	509,041
Operating Income	791,999	75,989	867,988
Net Non-Operating Revenues/(Expenses)	(240,898)	(99,910)	(340,808)
Net Income (Loss)	551,101	(23,921)	527,180
Current Capital Contributions	1,192,009	1,015,410	2,207,419

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

17. SEGMENT INFORMATION (Continued)

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Property, Plant and Equipment:			
Additions	1,588,169	372,540	1,960,709
Deletions	0	0	0
Net Working Capital	1,295,216	(460,771)	834,445
Total Assets	16,121,423	10,834,903	26,956,326
Bonds and Other Long Term Liabilities Payable from Revenue	4,852,560	1,358,735	6,211,295
Total Equity	10,045,156	7,447,279	17,492,435
Encumbrances at 12/31/99	937,666	156,495	1,094,161

18. CONTRIBUTED CAPITAL

During the year, contributed capital increased by the following amounts:

<u>Source</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Contributed Capital January 1	\$4,986,790	\$5,954,575	\$10,941,365
Customer Capacity Fees	379,899	503,090	882,989
Contributed by Developers	<u>812,110</u>	<u>512,320</u>	<u>1,324,430</u>
Contributed Capital December 31	<u>\$6,178,799</u>	<u>\$6,969,985</u>	<u>\$13,148,784</u>

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

19. SIGNIFICANT CONTRACTUAL OBLIGATIONS

As of December 31, 1999, the City had the following material contractual purchase commitments. The amount for each project is as follows:

<u>Project</u>	<u>Purchase Commitments</u>	<u>Amount Paid as of 12/31/99</u>	<u>Remaining on Contracts</u>
D-Line Phase 1-B Sewer Line	\$40,200	\$5,800	\$34,400
TIF 204 Engineering	44,180	41,630	2,550
Well Protection Engineering	55,000	46,750	8,250
Street Garage	95,000	0	95,000
Refugee Rd./ 256 Interceptor Phase III	80,000	0	80,000
D Line Phase 1 A Construction	270,838	213,901	56,937
State Route 256 Interceptor Phase I	1,275,187	1,125,058	150,129
256 Water Tank Construction	49,750	49,750	0
D Line Phase 1 B Construction	60,945	0	60,945
Longview Water Tower Painting	48,783	0	48,783

20. INSURANCE PURCHASING POOL

The City is participating in a group rating plan for workers' compensation called The Ohio Municipal League Workers' Compensation Group Rating Program, as established under Section 4123.29 of the Ohio Revised Code. The group rating plan is sponsored by the Ohio Municipal League.

The Ohio Municipal League is governed by a Board of Trustees, elected by membership. The Board consists of all past presidents of the League, as long as they are municipal officials, and 28 trustees (also municipal officials) elected for two year terms. The Board exercises general oversight over operation of the workers' compensation group. League staff maintains direct and on-going liaison with the program contract operator, Gates McDonald.

**CITY OF PICKERINGTON
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999
(Continued)**

21. CONTINGENT LIABILITIES

Litigation

The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

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



STATE OF OHIO
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Members of City Council
City of Pickerington
100 Lockville Road
Pickerington, Ohio 43147

We have audited the accompanying financial statements of City of Pickerington, Fairfield County, Ohio (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 27, 2001. 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*.

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.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

JIM PETRO
Auditor of State

July 27, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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CITY OF PICKERINGTON

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2001**