

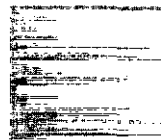
**THE CITY OF WORTHINGTON
FRANKLIN COUNTY, OHIO**

*General Purpose
Financial Statements*
(Audited)

For The Years Ended
December 31, 1999 and 1998

TRIMBLE, JULIAN & GRUBE, INC.

TJG



**THE CITY OF WORTHINGTON
FRANKLIN COUNTY, OHIO**

*General Purpose
Financial Statements*
(Audited)

For The Years Ended
December 31, 1999 and 1998

STEVEN R. GANDEE, DIRECTOR OF FINANCE

**THE CITY OF WORTHINGTON
FRANKLIN COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups - 1999	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - 1999	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types - 1999	5 - 6
Combined Balance Sheet - All Fund Types and Account Groups - 1998	7 - 8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - 1998	9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types - 1998	10 - 11
Notes to the General Purpose Financial Statements	12 - 40
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	41 - 42



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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Members of Council and City Manager
City of Worthington, Franklin County
6550 North High Street
Worthington, Ohio 43085

We have reviewed the Independent Auditor's Report of the City of Worthington, Franklin County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

July 3, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Independent Auditor's Report

Members of Council and City Manager
The City of Worthington, Franklin County
6550 North High Street
Worthington, OH 43085

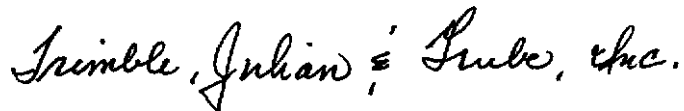
We have audited the accompanying general purpose financial statements of the City of Worthington, Franklin County as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Worthington's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

As disclosed in Note 2 to the general purpose financial statements, during 1998, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Worthington, as of December 31, 1999 and 1998, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2000, on our consideration of the City of Worthington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Trimble, Julian & Grube, Inc.
May 26, 2000

THE CITY OF WORTHINGTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	Governmental Fund Types				Fiduciary Fund Type		Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Agency Funds	General Fixed Assets	General Long-Term Obligations			
Assets and Other Debits:										
Assets:										
Cash and Cash Equivalents	\$189,061	\$116,254	\$10,205	\$286,193	\$36,573	\$0	\$0	\$0	\$638,286	
Cash with Fiscal Agent	0	0	0	0	27,996	0	0	0	27,996	
Investments	9,222,485	1,348,571	429,633	10,785,776	0	0	0	0	21,786,465	
Receivables (net of allowance for doubtful accounts):										
Taxes	2,718,672	138,842	78,692	668,187	0	0	0	0	3,604,393	
Accounts	63,530	49,228	0	0	0	0	0	0	112,758	
Interest	322,032	17,359	0	0	0	0	0	0	339,391	
Special Assessments	0	0	900,893	663,399	0	0	0	0	1,564,292	
Loans	0	0	0	510,000	0	0	0	0	510,000	
Interfund Loan Receivable	0	0	0	153,738	0	0	0	0	153,738	
Due from Other Funds	19,979	0	0	0	0	0	0	0	19,979	
Intergovernmental Receivables	234,106	46,161	0	0	0	0	0	0	280,267	
Prepaid Items	12,615	0	0	31,331	0	0	0	0	43,946	
Restricted Assets:										
Cash with Fiscal Agent	0	0	16,171	786,839	0	0	0	0	803,010	
Fixed Assets	0	0	0	0	0	18,200,681	0	0	18,200,681	
Other Debits:										
Amount Available in Debt Service Funds	0	0	0	0	0	0	286,100	0	286,100	
Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	1,471,934	0	1,471,934	
Total Assets and Other Debits	\$12,782,480	\$1,716,415	\$1,435,594	\$13,885,463	\$64,569	\$18,200,681	\$1,758,034	\$0	\$49,843,236	

THE CITY OF WORTHINGTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	<i>Fiduciary</i>					Totals (Memorandum Only)	
	<i>Fund Type</i>						
	<i>Governmental Fund Types</i>			<i>Account Groups</i>			
General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Agency Funds	General Fixed Assets	General Long-Term Obligations	
Accounts Payable	\$269,489	\$9,239	\$0	\$110,550	\$0	\$0	\$389,278
Accrued Wages and Benefits	19,560	9,415	0	0	0	0	28,975
Due to Other Funds	0	0	0	0	19,979	0	19,979
Interfund Loan Payable	0	0	153,738	0	0	0	153,738
Intergovernmental Payables	344,484	140,383	0	13,415	11,782	0	510,064
Due to Others	0	0	0	0	32,808	0	32,808
Contracts Payable	76,242	26,195	0	523,784	0	0	626,221
Contract Retainage Payable	0	0	0	46,779	0	0	46,779
Matured Bond and Interest Payable	0	0	16,171	0	0	0	16,171
Deferred Revenue	1,230,233	188,070	979,585	663,399	0	0	3,061,287
Compensated Absences Payable	0	0	0	0	0	1,056,034	1,056,034
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0	0	503,164	503,164
General Obligation Bonds Payable	0	0	0	0	0	198,836	198,836
Total Liabilities	1,940,008	373,302	1,149,494	1,357,927	64,569	1,758,034	6,643,334
Equity and Other Credits:							
Investment in General Fixed Assets	0	0	0	0	18,200,681	0	18,200,681
Fund Balances:							
Reserved for Encumbrances	159,647	1,987	0	881,383	0	0	1,043,017
Reserved for Prepaid Items	12,615	0	0	31,331	0	0	43,946
Reserved for Restricted Assets	0	0	0	786,839	0	0	786,839
Reserved for Loans Receivable	0	0	0	510,000	0	0	510,000
Reserved for Debt Service	0	0	286,100	0	0	0	286,100
Unreserved:							
Undesignated	10,670,210	1,341,126	0	10,317,983	0	0	22,329,319
Total Equity and Other Credits	10,842,472	1,343,113	286,100	12,527,536	0	0	43,199,902
Total Liabilities, Equity and Other Credits	\$12,782,480	\$1,716,415	\$1,435,594	\$13,885,463	\$64,569	\$1,758,034	\$49,843,236

The notes to the general purpose financial statements are an integral part of this statement.

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

	<i>Governmental Fund Types</i>				Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
Revenues:					
Property Taxes	\$1,093,676	\$129,685	\$73,488	\$0	\$1,296,849
Municipal Income Taxes	9,999,299	0	0	4,346,898	14,346,197
Other Local Taxes	143,303	0	0	0	143,303
Intergovernmental Revenues	1,641,756	563,193	7,445	94,511	2,306,905
Charges for Services	326,247	506,382	0	6,700	839,329
Licenses, Permits and Fees	153,226	0	0	0	153,226
Investment Earnings	1,089,241	42,701	0	0	1,131,942
Special Assessments	59,751	0	160,538	59,625	279,914
Fines and Forfeitures	201,279	839	0	0	202,118
All Other Revenues	65,775	600	0	15,212	81,587
Total Revenues	14,773,553	1,243,400	241,471	4,522,946	20,781,370
Expenditures:					
Current:					
Security of Persons and Property	6,187,132	378,644	0	381,639	6,947,415
Public Health and Welfare Services	54,932	0	0	0	54,932
Leisure Time Activities	1,397,572	347,540	0	697,955	2,443,067
Community Environment	394,555	0	0	17,764	412,319
Basic Utility Services	788,190	157,540	0	18,131	963,861
Transportation	2,216	615,854	0	1,165,978	1,784,048
General Government	4,008,103	0	0	1,145,692	5,153,795
Capital Outlay	0	0	0	175,500	175,500
Debt Service:					
Principal Retirement	0	0	106,000	0	106,000
Interest and Fiscal Charges	0	0	60,171	15,249	75,420
Total Expenditures	12,832,700	1,499,578	166,171	3,617,908	18,116,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,940,853	(256,178)	75,300	905,038	2,665,013
Other Financing Sources (Uses):					
Operating Transfers In	30,104	261,623	0	486,688	778,415
Operating Transfers Out	(742,688)	(30,104)	0	(5,623)	(778,415)
Other Financing Uses	(24,755)	0	0	0	(24,755)
Total Other Financing Sources (Uses)	(737,339)	231,519	0	481,065	(24,755)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,203,514	(24,659)	75,300	1,386,103	2,640,258
Fund Balances Beginning of Year	9,638,958	1,367,772	210,800	11,141,433	22,358,963
Fund Balances End of Year	\$10,842,472	\$1,343,113	\$286,100	\$12,527,536	\$24,999,221

The notes to the general purpose financial statements are an integral part of this statement.

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

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property Taxes	\$1,043,179	\$1,093,676	\$50,497	\$123,698	\$129,685	\$5,987
Municipal Income Taxes	9,653,450	10,024,918	371,468	0	0	0
Other Local Taxes	158,000	143,487	(14,513)	0	0	0
Intergovernmental Revenues	880,816	1,693,451	812,635	560,600	572,665	12,065
Charges for Services	340,000	312,943	(27,057)	529,000	506,382	(22,618)
Licenses, Permits and Fees	173,000	153,226	(19,774)	0	0	0
Investment Earnings	900,000	1,052,824	152,824	33,000	35,094	2,094
Special Assessments	25,000	59,751	34,751	0	0	0
Fines and Forfeitures	160,000	193,930	33,930	1,000	839	(161)
All Other Revenues	7,000	65,775	58,775	2,000	600	(1,400)
Total Revenues	<u>13,340,445</u>	<u>14,793,981</u>	<u>1,453,536</u>	<u>1,249,298</u>	<u>1,245,265</u>	<u>(4,033)</u>
Expenditures:						
Current:						
Security of Persons and Property	6,801,190	6,425,579	375,611	394,100	374,848	19,252
Public Health and Welfare	86,711	86,711	0	0	0	0
Leisure Time Activities	1,586,277	1,436,662	149,615	386,070	341,833	44,237
Community Environment	426,538	409,230	17,308	0	0	0
Basic Utility Services	857,645	829,684	27,961	199,176	164,376	34,800
Transportation	0	0	0	709,655	641,854	67,801
General Government	4,385,491	4,147,872	237,619	1,500	0	1,500
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>14,143,852</u>	<u>13,335,738</u>	<u>808,114</u>	<u>1,690,501</u>	<u>1,522,911</u>	<u>167,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(803,407)	1,458,243	2,261,650	(441,203)	(277,646)	163,557
Other Financing Sources (Uses):						
Operating Transfers In	15,000	30,104	15,104	259,000	261,623	2,623
Operating Transfers Out	(746,569)	(742,688)	3,881	(30,104)	(30,104)	0
Other Financing Sources	0	0	0	0	0	0
Other Financing Uses	(30,400)	(28,493)	1,907	0	0	0
Total Other Financing Sources (Uses)	<u>(761,969)</u>	<u>(741,077)</u>	<u>20,892</u>	<u>228,896</u>	<u>231,519</u>	<u>2,623</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,565,376)	717,166	2,282,542	(212,307)	(46,127)	166,180
Fund Balances at Beginning of Year	8,123,780	8,123,780	0	1,420,199	1,420,199	0
Prior Year Encumbrances	204,005	204,005	0	38,989	38,989	0
Fund Balances at End of Year	<u>\$6,762,409</u>	<u>\$9,044,951</u>	<u>\$2,282,542</u>	<u>\$1,246,881</u>	<u>\$1,413,061</u>	<u>\$166,180</u>

The notes to the general purpose financial statements are an integral part of this statement.

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

<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$70,095	\$73,488	\$3,393	\$0	\$0	\$0	\$1,236,972	\$1,296,849	\$59,877
0	0	0	4,196,550	4,358,035	161,485	13,850,000	14,382,953	532,953
0	0	0	0	0	0	158,000	143,487	(14,513)
7,140	7,445	305	0	94,511	94,511	1,448,556	2,368,072	919,516
0	0	0	10,000	6,700	(3,300)	879,000	826,025	(52,975)
0	0	0	0	0	0	173,000	153,226	(19,774)
0	0	0	0	0	0	933,000	1,087,918	154,918
126,000	160,538	34,538	0	59,625	59,625	151,000	279,914	128,914
0	0	0	0	0	0	161,000	194,769	33,769
0	0	0	0	15,212	15,212	9,000	81,587	72,587
203,235	241,471	38,236	4,206,550	4,534,083	327,533	18,999,528	20,814,800	1,815,272
0	0	0	479,596	473,372	6,224	7,674,886	7,273,799	401,087
0	0	0	0	0	0	86,711	86,711	0
0	0	0	1,609,921	1,420,429	189,492	3,582,268	3,198,924	383,344
0	0	0	19,500	17,764	1,736	446,038	426,994	19,044
0	0	0	41,346	41,319	27	1,098,167	1,035,379	62,788
0	0	0	1,879,360	1,816,163	63,197	2,589,015	2,458,017	130,998
0	0	0	1,630,775	1,590,035	40,740	6,017,766	5,737,907	279,859
444,871	444,870	1	0	0	0	444,871	444,870	1
79,183	75,420	3,763	0	0	0	79,183	75,420	3,763
524,054	520,290	3,764	5,660,498	5,359,082	301,416	22,018,905	20,738,021	1,280,884
(320,819)	(278,819)	42,000	(1,453,948)	(824,999)	628,949	(3,019,377)	76,779	3,096,156
357,520	354,119	(3,401)	249,500	132,569	(116,931)	881,020	778,415	(102,605)
0	0	0	(5,623)	(5,623)	0	(782,296)	(778,415)	3,881
0	0	0	30,000	30,000	0	30,000	30,000	0
0	0	0	0	0	0	(30,400)	(28,493)	1,907
357,520	354,119	(3,401)	273,877	156,946	(116,931)	98,324	1,507	(96,817)
36,701	75,300	38,599	(1,180,071)	(668,053)	512,018	(2,921,053)	78,286	2,999,339
364,538	364,538	0	9,130,555	9,130,555	0	19,039,072	19,039,072	0
0	0	0	1,096,269	1,096,269	0	1,339,263	1,339,263	0
\$401,239	\$439,838	\$38,599	\$9,046,753	\$9,558,771	\$512,018	\$17,457,282	\$20,456,621	\$2,999,339

THE CITY OF WORTHINGTON, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1998

	Governmental Fund Types			Fiduciary Fund Type		Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Agency Funds	General Fixed Assets	General Long-Term Obligations		
Assets and Other Debits:									
Assets:									
Cash and Cash Equivalents	\$57,161	\$227,258	\$2,502	\$70,190	\$32,993	\$0	\$0	\$390,104	
Cash with Fiscal Agent	0	0	0	0	19,578	0	0	19,578	
Investments	8,271,324	1,241,889	362,036	10,156,634	0	0	0	20,031,883	
Receivables (net of allowance for doubtful accounts):									
Taxes	2,668,524	130,154	73,776	679,324	0	0	0	3,551,778	
Accounts	48,752	19,152	0	0	0	0	0	67,904	
Interest	285,615	9,752	0	0	0	0	0	295,367	
Special Assessments	0	0	1,054,901	395,212	0	0	0	1,450,113	
Loans	0	0	0	540,000	0	0	0	540,000	
Interfund Loan Receivable	0	0	0	153,738	0	0	0	153,738	
Due from Other Funds	12,630	0	0	0	0	0	0	12,630	
Intergovernmental Receivables	302,581	55,633	0	0	0	0	0	358,214	
Prepaid Items	15,674	0	0	27,358	0	0	0	43,032	
Restricted Assets:									
Cash with Fiscal Agent	0	0	1,554	673,199	0	0	0	674,753	
Fixed Assets	0	0	0	0	0	17,037,732	0	17,037,732	
Other Debits:									
Amount Available in Debt Service Funds	0	0	0	0	0	0	210,800	210,800	
Amount to be Provided for									
General Long-Term Obligations	0	0	0	0	0	0	1,642,056	1,642,056	
Total Assets and Other Debits	\$11,562,261	\$1,683,838	\$1,494,769	\$12,695,655	\$52,571	\$17,037,732	\$1,852,856	\$46,479,682	

THE CITY OF WORTHINGTON, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998

	Governmental Fund Types					Fiduciary Fund Type			Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Agency Funds	Account Groups		General Long-Term Obligations	General Fixed Assets	General Long-Term Obligations		
						Capital Projects Funds	Agency Funds					
<u>Liabilities, Equity and Other Credits:</u>												
<u>Liabilities:</u>												
Accounts Payable	\$98,277	\$7,036	\$0	\$64,610	\$0			\$0	\$0			\$169,923
Accrued Wages and Benefits	231,394	17,219	0	0	0			0	0			248,613
Due to Other Funds	0	0	0	0	12,630			0	0			12,630
Interfund Loan Payable	0	0	153,738	0	0			0	0			153,738
Inter-governmental Payables	463,030	128,125	0	425,167	10,067			0	0			1,026,389
Due to Others	0	0	0	0	29,874			0	0			29,874
Contracts Payable	61,014	14,380	0	256,958	0			0	0			332,352
Contract Retainage Payable	0	0	0	73,405	0			0	0			73,405
Matured Bond and Interest Payable	0	0	1,554	0	0			0	0			1,554
Deferred Revenue	1,169,588	149,306	1,128,677	395,212	0			0	0			2,842,783
Compensated Absences Payable	0	0	0	0	0			0	0			1,044,856
Bond Anticipation Notes Payable	0	0	0	338,870	0			0	0			338,870
Special Assessment Bonds Payable	0	0	0	0	0			0	0			584,310
with Governmental Commitment	0	0	0	0	0			0	0			223,690
General Obligation Bonds Payable	0	0	0	0	0			0	0			223,690
Total Liabilities	2,023,303	316,066	1,283,969	1,554,222	52,571			0	0			7,082,987
<u>Equity and Other Credits:</u>												
Investment in General Fixed Assets	0	0	0	0	0			17,037,732	0			17,037,732
<u>Fund Balances:</u>												
Reserved for Encumbrances	93,442	7,601	0	770,454	0			0	0			871,497
Reserved for Prepaid Items	15,674	0	0	27,358	0			0	0			43,032
Reserved for Restricted Assets	0	0	0	673,199	0			0	0			673,199
Reserved for Loans Receivable	0	0	0	540,000	0			0	0			540,000
Reserved for Debt Service	0	0	210,800	0	0			0	0			210,800
<u>Unreserved:</u>												
Undesignated	9,529,842	1,360,171	0	9,130,422	0			0	0			20,020,435
Total Equity and Other Credits	9,638,958	1,367,772	210,800	11,141,433	0			17,037,732	0			39,396,695
Total Liabilities, Equity and Other Credits	\$11,662,261	\$1,683,838	\$1,494,769	\$12,695,655	\$52,571			\$17,037,732	\$1,852,856			\$46,479,682

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF WORTHINGTON, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<i>Governmental Fund Types</i>				Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
Revenues:					
Property Taxes	\$1,047,902	\$126,847	\$70,413	\$0	\$1,245,162
Municipal Income Taxes	9,457,415	0	0	4,111,329	13,568,744
Other Local Taxes	152,935	0	0	0	152,935
Intergovernmental Revenues	1,588,492	565,662	7,308	0	2,161,462
Charges for Services	321,713	470,456	0	6,733	798,902
Licenses, Permits and Fees	141,722	0	0	0	141,722
Investment Earnings	1,112,225	63,156	0	0	1,175,381
Special Assessments	24,948	0	120,086	58,719	203,753
Fines and Forfeitures	199,544	849	0	0	200,393
All Other Revenues	328,454	2,729	0	142,002	473,185
Total Revenues	14,375,350	1,229,699	197,807	4,318,783	20,121,639
Expenditures:					
Current:					
Security of Persons and Property	6,118,393	365,459	0	251,272	6,735,124
Public Health and Welfare Services	53,816	0	0	0	53,816
Leisure Time Activities	1,248,402	453,235	0	557,865	2,259,502
Community Environment	376,659	0	0	14,167	390,826
Basic Utility Services	818,937	142,561	0	14,177	975,675
Transportation	13,288	528,717	0	2,542,678	3,084,683
General Government	2,855,381	1,170	0	1,275,829	4,132,380
Capital Outlay	0	0	0	167,875	167,875
Debt Service:					
Principal Retirement	0	0	107,000	0	107,000
Interest and Fiscal Charges	0	0	68,369	30,244	98,613
Total Expenditures	11,484,876	1,491,142	175,369	4,854,107	18,005,494
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,890,474	(261,443)	22,438	(535,324)	2,116,145
Other Financing Sources (Uses):					
Operating Transfers In	32,122	218,500	0	536,033	786,655
Operating Transfers Out	(753,033)	(32,122)	0	(1,500)	(786,655)
Other Financing Uses	(19,505)	0	0	0	(19,505)
Total Other Financing Sources (Uses)	(740,416)	186,378	0	534,533	(19,505)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,150,058	(75,065)	22,438	(791)	2,096,640
Fund Balances Beginning of Year	7,488,900	1,442,837	188,362	11,142,224	20,262,323
Fund Balances End of Year	\$9,638,958	\$1,367,772	\$210,800	\$11,141,433	\$22,358,963

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF WORTHINGTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Property Taxes	\$1,052,154	\$1,069,748	\$17,594	\$124,761	\$126,847	\$2,086
Municipal Income Taxes	9,200,000	9,490,942	290,942	0	0	0
Other Local Taxes	127,000	153,612	26,612	0	0	0
Intergovernmental Revenues	848,147	1,471,549	623,402	552,719	553,769	1,050
Charges for Services	335,500	307,537	(27,963)	497,000	470,456	(26,544)
Licenses, Permits and Fees	170,325	141,722	(28,603)	0	0	0
Investment Earnings	800,000	1,053,319	253,319	32,500	64,750	32,250
Special Assessments	0	24,948	24,948	0	0	0
Fines and Forfeitures	145,000	196,691	51,691	2,000	849	(1,151)
All Other Revenues	52,700	328,454	275,754	4,000	2,729	(1,271)
Total Revenues	12,730,826	14,238,522	1,507,696	1,212,980	1,219,400	6,420
Expenditures:						
Current:						
Security of Persons and Property	6,359,734	6,091,653	268,081	366,000	352,074	13,926
Public Health and Welfare	84,473	84,472	1	0	0	0
Leisure Time Activities	1,338,124	1,267,070	71,054	493,331	455,201	38,130
Community Environment	395,372	380,672	14,700	0	0	0
Basic Utility Services	816,500	798,496	18,004	197,211	143,809	53,402
Transportation	0	0	0	653,455	568,991	84,464
General Government	3,268,377	3,029,050	239,327	2,000	1,170	830
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	12,262,580	11,651,413	611,167	1,711,997	1,521,245	190,752
Excess (Deficiency) of Revenues Over (Under) Expenditures	468,246	2,587,109	2,118,863	(499,017)	(301,845)	197,172
Other Financing Sources (Uses):						
Operating Transfers In	15,000	32,122	17,122	215,000	218,500	3,500
Operating Transfers Out	(755,919)	(753,033)	2,886	(32,122)	(32,122)	0
Other Financing Sources	0	0	0	0	0	0
Other Financing Uses	(26,704)	(25,053)	1,651	0	0	0
Total Other Financing Sources (Uses)	(767,623)	(745,964)	21,659	182,878	186,378	3,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(299,377)	1,841,145	2,140,522	(316,139)	(115,467)	200,672
Fund Balances at Beginning of Year	6,109,830	6,109,830	0	1,355,675	1,355,675	0
Prior Year Encumbrances	172,805	172,805	0	179,991	179,991	0
Fund Balances at End of Year	\$5,983,258	\$8,123,780	\$2,140,522	\$1,219,527	\$1,420,199	\$200,672

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF WORTHINGTON, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

<i>Debt Service Funds</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$70,698	\$71,882	\$1,184	\$0	\$0	\$0	\$1,247,613	\$1,268,477	\$20,864
0	0	0	4,000,000	4,125,905	125,905	13,200,000	13,616,847	416,847
0	0	0	0	0	0	127,000	153,612	26,612
7,208	7,308	100	0	0	0	1,408,074	2,032,626	624,552
0	0	0	10,000	6,733	(3,267)	842,500	784,726	(57,774)
0	0	0	0	0	0	170,325	141,722	(28,603)
0	0	0	0	0	0	832,500	1,118,069	285,569
135,000	120,086	(14,914)	0	58,719	58,719	135,000	203,753	68,753
0	0	0	0	0	0	147,000	197,540	50,540
0	0	0	0	142,002	142,002	56,700	473,185	416,485
212,906	199,276	(13,630)	4,010,000	4,333,359	323,359	18,166,712	19,990,557	1,823,845
0	0	0	455,017	454,954	63	7,180,751	6,898,681	282,070
0	0	0	0	0	0	84,473	84,472	1
0	0	0	1,099,819	850,088	249,731	2,931,274	2,572,359	358,915
0	0	0	15,000	14,167	833	410,372	394,839	15,533
0	0	0	81,041	61,305	19,736	1,094,752	1,003,610	91,142
0	0	0	3,200,660	3,071,056	129,604	3,854,115	3,640,047	214,068
0	0	0	1,295,254	905,821	389,433	4,565,631	3,936,041	629,590
445,871	445,870	1	0	0	0	445,871	445,870	1
104,390	98,613	5,777	0	0	0	104,390	98,613	5,777
550,261	544,483	5,778	6,146,791	5,357,391	789,400	20,671,629	19,074,532	1,597,097
(337,355)	(345,207)	(7,852)	(2,136,791)	(1,024,032)	1,112,759	(2,504,917)	916,025	3,420,942
372,000	369,114	(2,886)	509,500	166,919	(342,581)	1,111,500	786,655	(324,845)
0	0	0	(1,500)	(1,500)	0	(789,541)	(786,655)	2,886
0	0	0	0	30,000	30,000	0	30,000	30,000
0	0	0	0	0	0	(26,704)	(25,053)	1,651
372,000	369,114	(2,886)	508,000	195,419	(312,581)	295,255	4,947	(290,308)
34,645	23,907	(10,738)	(1,628,791)	(828,613)	800,178	(2,209,662)	920,972	3,130,634
340,631	340,631	0	8,919,316	8,919,316	0	16,725,452	16,725,452	0
0	0	0	1,039,852	1,039,852	0	1,392,648	1,392,648	0
\$375,276	\$364,538	(\$10,738)	\$8,330,377	\$9,130,555	\$800,178	\$15,908,438	\$19,039,072	\$3,130,634

THE CITY OF WORTHINGTON, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Worthington ("the City") is a charter municipal corporation operating under the laws of the State of Ohio. A charter was first adopted in November, 1956, before the Village of Worthington became a City. The City was incorporated on November 8, 1960.

The municipal government provided by the charter is known as a Council-Manager form of government. Legislative power is vested in a seven-member council, each elected to four-year terms. The Council appoints the Mayor and the City Manager. The City Manager is the chief executive officer and the head of the administrative agencies of the City. The City Manager appoints all department heads and employees, except as otherwise provided in the charter.

A. Reporting Entity

The 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. The City provides various services including police protection, fire protection, parks and recreation (including the community center), planning, zoning, street maintenance and repair, community development, public health and welfare, and refuse collection. These activities comprise the primary governmental unit of the City and are directly responsible to Council and the City Manager. Therefore, they are included in the reporting entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City does not have any component units included in its reporting entity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

The City is a member of the Central Ohio Health Care Consortium, (the "Pool") a risk sharing self-insurance pool which provides health insurance to the City. The Pool, which commenced business on January 1, 1992, has thirteen members consisting of various cities, villages, and townships. The members have entered into an irrevocable agreement to remain a member of the Pool for a minimum of three years. The Consortium established a new Pool, effective January 1, 1995, to continue its self-insurance program. The new Pool retained the major attributes of the original Pool. The Consortium transferred an amount from the original Pool Trust account to the new Pool Trust account in 1995, which was equal to a total of each member's average monthly contribution. The Consortium elected to distribute excess contributions from the original Pool to its participating members. The Pool is governed by a Board of Directors consisting of one director appointed by each member. The Board elects a chairman, a vice chairman and a secretary. The Board is responsible for its own financial matters, and the Pool maintains its own books of account. Budgeting and financing of the Pool is subject to the approval of the Board. The City has no explicit and measurable equity interest in the Pool. The City entered into a third three-year term that began on January 1, 1998. The City has no ongoing financial responsibility other than the three-year minimum membership. See Note 12.

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 of governmental and fiduciary.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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 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.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group - This accounts for all general fixed assets of the City.

General Long-Term Obligations Account Group - This accounts for all unmatured general long-term indebtedness of the City, including special assessment debt for which the City is obligated in some manner.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments and other local taxes (including hotel/motel tax and estate taxes). Other revenues, including licenses, permits, certain charges for services, fines and forfeitures, income taxes other than that withheld by employers and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

Special assessment installments and related accrued interest, which are measurable but not available at year end are recorded as deferred revenue.

Property taxes measurable at year end, but which are not intended to finance current year operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency funds, are legally required to be budgeted and appropriated. The City did not adopt a budget for the Subdivision Trust Special Revenue Fund because it is classified as an agency fund for cash reporting. This fund was classified as a special revenue fund for GAAP reporting. The legal 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

1. Tax Budget

Prior to July 20 of each year, the City must submit to the County Budget Commission a Council-adopted operating budget of the City for the year commencing the following January 1. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. Estimated Resources

Prior to October 1, the City accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and 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 appropriation 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 the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended certificates issued during 1999 and 1998.

3. Appropriations

A temporary appropriation 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 appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. Appropriations may not exceed current estimated resources, as certified in the Official Amended Certificate of Estimated Resources. Supplemental appropriations may be adopted 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.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. 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 calendar year and need not be reappropriated.

6. Budgetary Basis of Accounting

While reporting financial position and results of operation 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 is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures 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 (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). On a budgetary basis expenditures against carryover encumbrances are excluded. Expenditures are increased on the GAAP basis for these amounts.
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. State statute requires short-term note debt to be repaid from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
1999:				
GAAP Basis (as reported)	\$1,203,514	(\$24,659)	\$75,300	\$1,386,103
Increase (Decrease):				
Accrued Revenues at December 31, 1999 received during 2000	(2,128,086)	(63,520)	0	(1,331,925)
Accrued Revenues at December 31, 1998 received during 1999	2,148,514	65,385	0	1,373,062
Accrued Expenditures at December 31, 1999 paid during 2000	709,775	185,232	153,738	694,528
Accrued Expenditures at December 31, 1998 paid during 1999	(853,715)	(166,760)	(153,738)	(820,140)
1998 Prepays for 1999	15,674	0	0	27,358
1999 Prepays for 2000	(12,615)	0	0	(31,331)
Fund Debt:				
Note Retirements	0	0	0	(338,870)
Changes in Cash With Fiscal Agent	0	0	0	(113,640)
Outstanding Encumbrances	(365,895)	(41,805)	0	(1,513,198)
Budget Basis	<u>\$717,166</u>	<u>(\$46,127)</u>	<u>\$75,300</u>	<u>(\$668,053)</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
1998:				
GAAP Basis (as reported)	\$2,150,058	(\$75,065)	\$22,438	(\$791)
Increase (Decrease):				
Accrued Revenues at December 31, 1998 received during 1999	(2,148,514)	(65,385)	0	(1,373,062)
Accrued Revenues at December 31, 1997 received during 1998	2,011,686	55,086	1,469	1,417,638
Accrued Expenditures at December 31, 1998 paid during 1999	853,715	166,760	153,738	820,140
Accrued Expenditures at December 31, 1997 paid during 1998	(821,242)	(157,874)	(153,738)	(261,781)
1997 Prepays for 1998	15,121	0	0	28,861
1998 Prepays for 1999	(15,674)	0	0	(27,358)
Fund Debt:				
Note Proceeds	0	0	0	338,870
Note Retirements	0	0	0	(677,740)
Changes in Cash With Fiscal Agent	0	0	0	2,879
Outstanding Encumbrances	(204,005)	(38,989)	0	(1,096,269)
Budget Basis	<u>\$1,841,145</u>	<u>(\$115,467)</u>	<u>\$23,907</u>	<u>(\$828,613)</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost. See Note 4, "Cash, Cash Equivalents and Investments."

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Asset Account Group.

The fixed assets values were initially determined at December 31, 1990, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

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

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.

Assets in the general fixed assets account group are not depreciated.

H. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bond	General Obligation Bond Retirement Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Compensated Absences	General Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

The City accrues a liability for compensated absences in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences." Vacation benefits and compensatory time 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 employees for the benefits through time off or some other means. Sick leave benefits are accrued using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The 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.

City employees earn vacation leave at varying rates depending upon the length of service. City employees can earn compensatory time for any work in excess of their normal hours of work per day in lieu of overtime pay. Employees earn compensatory time at the rate of one and one-half times for overtime hours worked.

City employees earn sick leave at the rate of ten hours per month. Sick leave may be accumulated and carried forward from year to year without limit. An employee who is to be separated from City service through retirement, layoff, or resignation in good standing after completion of fifteen years continuous service with the City of Worthington and has accumulated more than 232 hours of sick leave, is eligible to be paid for one quarter of the total accrued hours up to a maximum of 600 hours paid.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available financial resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Obligations Account Group.

J. Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, and shared revenues 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported under "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during 1999 and 1998.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

L. Interfund Assets/Liabilities

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due From/To Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables," while long-term interfund loans are classified as "Advances To/From Other Funds."

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbered amounts that have not been accrued at year end, prepaid items, restricted assets, loans receivable and debt service.

N. Estimates

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

O. Total Columns on General Purpose Financial Statements

Total columns on the "Combined Financial Statements" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT

A. Prior Period Adjustment

As of December 31, 1997, the General Fixed Assets Account Group was overstated by \$1,000,000. This was due to an accounting error. The General Fixed Assets Account Group balance at January 1, 1998 has been restated. The balance decreased from \$17,543,729 to \$16,543,729.

B. Implementation of GASB Statement No. 31

During fiscal year 1998, the City implemented GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investments Pools." The statement established accounting and reporting guidelines for government investments and investment pools. Certain investments which were reported at cost in previous years are now reported at fair value. The implementation of GASB Statement No. 31 required no change in the City's financial statements from prior years.

C. Implementation of GASB Statement No. 32

The Internal Revenue Code previously required that Section 457 deferred compensation plan assets remain the property of the employer government until available to the employee or beneficiary. Under these regulations, plan assets were recorded in the City's deferred compensation agency fund.

Recent changes to the Internal Revenue Code require Section 457 plan assets to be held in trust for the exclusive benefit of the employees. These plans must establish trust agreements prior to January 1, 1999. During 1998, the Ohio Public Employees Deferred Compensation Program (the "Plan") implemented a Trust Agreement to hold all Plan assets for the employer, whenever contributed, for the exclusive benefit of participants and their beneficiaries. Accordingly, the City has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" which requires that such assets held in trust, not be reflected on the government's financial statements. Inasmuch as the City no longer has an accounting fiduciary responsibility for the deferred compensation assets, the beginning balance of the agency funds has been restated to show the reduction of \$2,397,349 representing the balance of deferred compensation at December 31, 1997. The adjustment resulted in the following changes to the agency funds asset/liability balances at December 31, 1997:

Agency Funds:

Asset/Liability Balance - December 31, 1997 (as reported)	\$2,444,705
Adjustment due to change in accounting principle	(2,397,349)
Asset/Liability Balance - December 31, 1997 (restated)	<u>\$47,356</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 1999 and 1998 of \$69,130 and \$81,599, respectively, in the Police Pension Fund (special revenue fund) and \$10,656 in the Special Assessment Bond Retirement Fund (debt service fund) at December 31, 1998 arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures on the budget basis of accounting. A deficit does not exist under the budget basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- 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;

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At December 31, 1999 and 1998, the City had \$786,839 and \$673,199, respectively, on deposit with the Franklin County Treasurer which was restricted for qualifying road projects. The data regarding insurance and collateralization can be obtained from the Franklin County Comprehensive Annual Financial Report.

A. Deposits

At December 31, 1999 and 1998, the carrying amount of the City's deposits was \$22,468,918 and \$19,787,119, respectively, and the bank balance was \$22,707,557 and \$20,484,968, respectively. The Federal Deposit Insurance Corporation (FDIC) covered \$738,111 and \$626,772, respectively, of the bank balance at December 31, 1999 and 1998. All remaining deposits were classified as Category 3. In addition, the City had \$800 cash on hand in 1999 and 1998. The deposit balance does not include cash on deposit with the Franklin County Treasurer reported in the Capital Projects Funds. (See above).

B. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash Equivalents *	Investments
1999:		
Per Combined Balance Sheet	\$682,453	\$21,786,465
Certificates of Deposit		
(with maturities of more than 3 months)	21,786,465	(21,786,465)
Per GASB Statement No. 3	\$22,468,918	\$0

* Includes Cash with Fiscal Agent less funds on deposit with the Franklin County Treasurer of \$786,839.

	Cash and Cash Equivalents *	Investments
1998:		
Per Combined Balance Sheet	\$411,236	\$20,031,883
Certificates of Deposit		
(with maturities of more than 3 months)	20,031,883	(20,031,883)
Investments:		
Repurchase Agreement	(656,000)	656,000
Per GASB Statement No. 3	\$19,787,119	\$656,000

* Includes Cash with Fiscal Agent less funds on deposit with the Franklin County Treasurer of \$673,199.

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values listed on December 31 of the prior year, and at tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or 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 by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Worthington. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the years ended December 31, 1999 and December 31, 1998, was \$3.00 per \$1,000 of assessed value. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .30% (3.00 mills) of assessed value. The assessed values of real and tangible personal property upon which 1999 and 1998 property tax receipts were based are as follows:

Category	1999 Amount	1998 Amount
Real Property Tax		
Residential	\$261,112,760	\$258,436,000
Commercial	90,108,950	85,621,360
Industrial	23,445,970	23,124,120
Public Utility Real	49,400	48,500
Tangible Personal Property	60,374,914	60,692,387
Public Utility Tangible Personal	21,024,120	29,526,690
Total Assessed Valuation	\$456,116,114	\$457,449,057

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable at year end. 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 current year operations. The receivable is therefore offset by a credit to deferred revenue.

B. Income Tax

The City levies and collects an income tax of 1.65 percent on 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 up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

The City of Columbus administers and collects income taxes for the City of Worthington. Payments, net of a 1.4 percent collection fee, are remitted monthly for tax revenues received by Columbus in prior months.

NOTE 6 - RECEIVABLES

Receivables at December 31, 1999 and 1998, consisted of taxes, intergovernmental receivables arising from shared revenues, special assessments, interest, and utility accounts. The City also has loans receivable at December 31, 1999 and 1998 in the amount of \$510,000 and \$540,000, respectively. This is a result of a loan in the amount of \$600,000 given to Swim Inc. by the City for renovations to the swimming facilities. The loan is to be repaid over a twenty year period at \$30,000 per year with no interest charges.

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999 and 1998:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
1999:		
General Fund	\$30,104	\$742,688
Special Revenue Funds:		
Police Pension Fund	245,000	0
Parks and Recreation Fund	0	30,104
Special Parks Fund	5,623	0
Bicentennial Trust Fund	11,000	0
Total Special Revenue Funds	<u>261,623</u>	<u>30,104</u>
Capital Projects Fund:		
Capital Improvement Fund	486,688	5,623
Total All Funds	<u>\$778,415</u>	<u>\$778,415</u>

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
1998:		
General Fund	\$32,122	\$753,033
Special Revenue Funds:		
Police Pension Fund	205,000	0
Parks and Recreation Fund	0	32,122
Special Parks Fund	1,500	0
Bicentennial Trust Fund	12,000	0
Total Special Revenue Funds	<u>218,500</u>	<u>32,122</u>
Capital Projects Fund:		
Capital Improvement Fund	536,033	1,500
Total All Funds	<u>\$786,655</u>	<u>\$786,655</u>

NOTE 8 - INTERFUND RECEIVABLES/PAYABLES

Individual interfund receivable and payable balances at December 31, 1999 and 1998, were as follows:

A. Interfund Loan Receivable/Payable

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
1999:		
Debt Service Fund:		
S.A. Bond Retirement Fund	\$0	\$153,738
Capital Projects Fund:		
Capital Improvement Fund	153,738	0
Totals	<u>\$153,738</u>	<u>\$153,738</u>
	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
1998:		
Debt Service Fund:		
S.A. Bond Retirement Fund	\$0	\$153,738
Capital Projects Fund:		
Capital Improvement Fund	153,738	0
Totals	<u>\$153,738</u>	<u>\$153,738</u>

B. Due To/From Other Funds

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
1999:		
General Fund	\$19,979	\$0
Agency Fund:		
Mayor's Court Fund	0	19,979
Totals	<u>\$19,979</u>	<u>\$19,979</u>
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
1998:		
General Fund	\$12,630	\$0
Agency Fund:		
Mayor's Court Fund	0	12,630
Totals	<u>\$12,630</u>	<u>\$12,630</u>

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 9 - FIXED ASSETS

Changes in general fixed assets during the years ended December 31, 1999 and 1998, were as follows:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$3,703,754	\$552,000	\$0	\$4,255,754
Land Improvements	164,786	0	0	164,786
Buildings	6,772,809	39,947	0	6,812,756
Equipment and Furniture	3,761,837	408,830	(6,624)	4,164,043
Vehicles	2,634,546	316,892	(148,096)	2,803,342
Totals	<u>\$17,037,732</u>	<u>\$1,317,669</u>	<u>(\$154,720)</u>	<u>\$18,200,681</u>

Category	(Restated) December 31, 1997	Additions	Deletions	December 31, 1998
Land	\$3,703,754	\$0	\$0	\$3,703,754
Land Improvements	164,786	0	0	164,786
Buildings	6,766,205	6,604	0	6,772,809
Equipment and Furniture	3,392,573	385,304	(16,040)	3,761,837
Vehicles	2,516,411	181,153	(63,018)	2,634,546
Totals	<u>\$16,543,729</u>	<u>\$573,061</u>	<u>(\$79,058)</u>	<u>\$17,037,732</u>

**NOTE 10 – DEFINED BENEFIT PENSION PLANS
AND OTHER POSTEMPLOYMENT BENEFITS**

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Public Employees Retirement System (the "PERS of Ohio")

The following information was provided by the PERS of Ohio to assist the City in complying with GASB Statement No. 27, *"Accounting for Pensions by State and Local Government Employers."*

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 and 1998 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$522,148, \$443,534 and \$424,548, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits 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 also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the employer contribution rate (identified above) that was used to fund health care for 1999 and 1998 was 4.2% of covered payroll which amounted to \$161,847 for 1999 and \$137,479 for 1998.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. 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. Expenditures for other postemployment benefits during 1999 and 1998 were \$523,599,349 and \$440,596,663, respectively. As of December 31, 1999 and 1998, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641 and \$9,447,325,318, respectively. The number of benefit recipients eligible for OPEB at December 31, 1999 and 1998 were 118,062 and 115,579, respectively.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)

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

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

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 1999, 1998 and 1997 were \$380,040, \$362,574 and \$338,524 for police and \$478,097, \$474,258 and \$420,797 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 1999 and 1998 covered payroll that was used to fund postemployment health care benefits was \$136,425 and \$120,858, respectively, representing 7.00% and 6.50%, respectively, of covered payroll for police and \$139,445 and \$128,445, respectively, representing 7.00% and 6.50%, respectively, of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. 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. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 11 - COMPENSATED ABSENCES

At December 31, 1999 and 1998, the total liability for accumulated unpaid compensated absences recorded in the General Long-Term Obligations Account Group was as follows:

	1999 Hours	1999 Amount	1998 Hours	1998 Amount
Sick Leave	24,599	\$492,472	136,318	\$476,063
Vacation / Compensatory Time	28,150	563,562	24,401	568,793
Total	52,749	\$1,056,034	160,719	\$1,044,856

NOTE 12 - RISK MANAGEMENT

A. Insurance

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 and 1998, the City contracted with various insurance agencies for various insurance, which includes the following types of insurance, amount of coverage and the amount of deductible:

Type of Coverage	Coverage	Deductible
General Liability	\$2,000,000	\$5,000
Automobile	1,000,000	250/500
Property	17,408,322	5,000
Boiler and Machinery	2,500,000	5,000
Crime	100,000	1,000
Public Officials	5,000,000	5,000
Law Enforcement	1,000,000	10,000
Umbrella	4,000,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years.

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

B. Health Care Benefits

The City participates in the Central Ohio Health Care Consortium, a risk-sharing pool, which provides employee health care benefits for all full-time employees who wish to participate in the plan. The pool consists of thirteen political subdivisions who pool risk for basic hospital, surgical and prescription drug coverage. The Pool is governed by a Board of Directors consisting of one director appointed by each member. The Board elects a chairman, a vice-chairman and a secretary. The Board is responsible for its own financial matters and the Pool maintains its own books of account. Budgeting and financing of the Pool is subject to the approval of the Board.

NOTE 12 - RISK MANAGEMENT (Continued)

B. Health Care Benefits (Continued)

The City pays monthly contributions to the Pool, which are used to purchase excess loss insurance for the Pool, pay current claims and related claim settlement expenses and to establish and maintain sufficient reserves. The monthly contribution is determined for each member in accordance with the number of covered officers and employees, and the prior loss experience of the respective member group. The members' contributions represent 115 percent of the expected costs of the Pool, which will allow the Pool to establish excess reserves for future operations. The funds are maintained in a bank trust account established for the sole purpose and benefit of the Pool's operations.

The Pool has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the Pool for medical claims paid to an individual in excess of \$100,000, with an individual lifetime maximum of \$2,000,000. The aggregate excess loss coverage has been structured to indemnify the Pool for aggregate claims paid in excess of \$3,319,964, to a maximum of \$1,000,000 annually. In the event that the losses of the consortium in any year exceeds amounts paid to the Pool, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which the claim was made. No such loss has occurred in the past three years.

The City currently has no specified percentage share of the Pool. The only time at which a percentage share would be calculated occurs if the Pool votes to terminate. After a vote to terminate the Pool, the Board would wind-up the Pool's business as quickly as practicable, but in any event would complete this process no later than twelve months after the termination date. During such period, the Pool would continue to pay all claims and expenses until the Pool's funds are exhausted. After payment of all claims and expenses, or upon the termination of the aforesaid twelve month period, any remaining surplus funds held by the Pool would be paid to the members of the Pools who are members as of the termination date. The Board would determine the manner in which such surplus funds would be distributed, and would consider the percentage relationship which each member's contributions to the Pool for the prior three calendar years of the Pool bore to all members' contributions to the Pool for that same period. The City's payment for health insurance coverage to the Central Ohio Health Care Consortium in 1999 and 1998 was \$722,299 and \$676,766, respectively.

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 13 - NOTES PAYABLE

A summary of note transactions for the fiscal years ended 1999 and 1998 follows:

	Balance at Beginning of Year	Issued (Retired)	Balance at End of Year
1999:			
Bond Anticipation Note	\$338,870	(\$338,870)	\$0
Total Notes Payable	<u>\$338,870</u>	<u>(\$338,870)</u>	<u>\$0</u>
	Balance at Beginning of Year	Issued (Retired)	Balance at End of Year
1998:			
Bond Anticipation Note	\$677,740	(\$338,870)	\$338,870
Total Notes Payable	<u>\$677,740</u>	<u>(\$338,870)</u>	<u>\$338,870</u>

On December 23, 1999, the City paid off the bond anticipation notes that were issued to purchase Sharon Township's Fire Department building and equipment.

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Year of Issuance	Balance at Beginning of Year	Issued (Retired)	Balance at End of Year
1999:				
General Long-Term Debt:				
General Obligation Bond:				
7.375% Huntley Road	1987	\$223,690	(\$24,854)	\$198,836
Special Assessment Bonds:				
9.000% East Wilson Bridge Sewers	1980	30,000	(15,000)	15,000
10.375% Greenwich Street	1981	3,000	(1,000)	2,000
7.375% East Wilson Bridge Road	1986	280,000	(35,000)	245,000
7.375% Huntley Road	1987	271,310	(30,146)	241,164
Total Special Assessment Bonds				
with Governmental Commitment		584,310	(81,146)	503,164
Total General Long-Term Debt		808,000	(106,000)	702,000
Other Long-Term Obligations:				
Compensated Absences		1,044,856	11,178	1,056,034
Total Other Long-Term Obligations		1,044,856	11,178	1,056,034
Total General Long-Term Debt and Other Long-Term Obligations		\$1,852,856	(\$94,822)	\$1,758,034

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Bonded debt and other long-term obligations payable activity for the year ended December 31, 1998, was as follows:

	Year of Issuance	Balance at Beginning of Year	Issued (Retired)	Balance at End of Year
1998:				
General Long-Term Debt:				
General Obligation Bond:				
7.375% Huntley Road	1987	\$248,545	(\$24,855)	\$223,690
Special Assessment Bonds:				
9.000% East Wilson Bridge Sewers	1980	45,000	(15,000)	30,000
10.375% Greenwich Street	1981	5,000	(2,000)	3,000
7.375% East Wilson Bridge Road	1986	315,000	(35,000)	280,000
7.375% Huntley Road	1987	301,455	(30,145)	271,310
Total Special Assessment Bonds with Governmental Commitment		666,455	(82,145)	584,310
Total General Long-Term Debt		915,000	(107,000)	808,000
Other Long-Term Obligations:				
Compensated Absences		1,035,205	9,651	1,044,856
Total Other Long-Term Obligations		1,035,205	9,651	1,044,856
Total General Long-Term Debt and Other Long-Term Obligations		\$1,950,205	(\$97,349)	\$1,852,856

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and the refinancing of bond anticipation notes. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. All general obligation bond issues will be paid through the General Obligation Debt Retirement Fund.

The principal amount of the City's special assessment debt outstanding at December 31, 1999 and 1998, \$503,164 and \$584,310, respectively, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The cash basis fund balance of \$178,800 and \$143,082 in the Special Assessment Bond Retirement Fund at December 31, 1999 and 1998, respectively, is reserved for the retirement of outstanding special assessment bonds. Delinquent special assessments at year end were \$3,280 and \$8,669 in 1999 and 1998, respectively.

THE CITY OF WORTHINGTON, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS December 31, 1999 and 1998

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 1999, follows:

Years	General Obligation Bond		Special Assessment Bonds		Totals
	Principal	Interest	Principal	Interest	
2000	\$24,854	\$14,664	\$81,145	\$37,415	\$158,078
2001	24,855	12,831	66,146	31,155	134,987
2002	24,854	10,998	65,145	26,246	127,243
2003	24,855	9,165	65,146	21,441	120,607
2004	24,854	7,332	65,145	16,637	113,968
2005-2007	74,564	10,998	160,437	21,083	267,082
Totals	\$198,836	\$65,988	\$503,164	\$153,977	\$921,965

NOTE 15 - CONSTRUCTION COMMITMENTS

The City had the following significant outstanding commitments at December 31, 1999:

Project	Amount
Olentangy Bikeway Stabilization	\$35,269
Huntley/Wilson Bridge Study	40,251
1999 New and Replacement Equipment	71,504
800 MHZ Communication System	34,446
McCord Park Irrigation System	96,961
Design Skate Park Facility	3,129
Wilson Hill Park	21,197
United Methodist Parking Lot	68,537
Linworth Park	9,393
1999 Sidewalk Program	84,072
1999 Street Improvement Program	298,373
CBD Streetscape	12,634
Selby Park	131,476
Granville Boulevard Improvement	19,049
Sidewalk Improvement Program	17,106
Community Center Addition	425,048
Flora Villa/SAMADA Storm Sewer	6,661
East/West Bridge Road Resurface	11,949
South to High Road Resurface	78,659
	\$1,465,714

NOTE 16 - CONTINGENT LIABILITIES

A. Litigation

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

B. State and Federal Grants

For the period January 1, 1998, to December 31, 1999, the City received state and federal 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.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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

Members of Council and City Manager
The City of Worthington
6550 North High Street
Worthington, OH 43085

We have audited the financial statements of the City of Worthington as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 26, 2000. During 1998, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Worthington's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, which we have reported to management of the City of Worthington in a separate letter dated May 26, 2000.

Members of Council and City Manager
The City of Worthington
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Worthington's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that we have reported to the management of the City of Worthington in a separate letter dated May 26, 2000.

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

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
May 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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CITY OF WORTHINGTON

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JULY 20, 2000